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INTRODUCTORY

THE Dutch territories overseas, Netherlands India and Netherlands West Indies, are integral parts of the Kingdom of the Netherlands, and are correctly described as the Netherlands Overseas Territories. The commonly used term, "Dutch Colonial Empire", is, strictly speaking, a misnomer. Nevertheless, in actual practice, the territories may fairly be described as colonial, as their government is in fact determined by the Government at The Hague. They were declared to be integral parts of the Kingdom of the Netherlands in the Constitution of 1922, and their status was reaffirmed in the Constitution of 1938.

The Constitution of 1938 declared that the Kingdom of the Netherlands consisted of the territory of the Netherlands, Netherlands India, Surinam and Curaçao. The terms of the Constitution are valid for the Netherlands only, unless expressly stated. The Crown is the sovereign authority in Netherlands India, Surinam and Curaçao. Although certain functions are reserved to the Crown, the general administration is in the hands of the Governor-General in Netherlands India, and the Governors of Surinam and Curaçao, representing the Crown and acting in conformity with the law. Each year the Crown presents to the States-General a detailed report on the administration of the overseas territories. The representative bodies in the territories are consulted in accordance with their laws, and internal affairs are regulated by the organizations there established, without prejudice to the reservation according to law of certain questions reserved to the Crown. Ordinances promulgated by the authorities in these territories are subject to annulment if they contravene the Constitution, the law, or the general interest. The Crown submits to the State Council questions referred to it by the States-General or to be referred to them, together with general measures of administration of the territories. In case of prosecution for maladministration, officials of the territories concerned may be brought before the Supreme Court in Holland. Conscripts for the Dutch Navy may be required to serve in overseas territories, certain advantages being attached to the services. Army conscripts are not liable to such service without their express consent.

CHAPTER I. NETHERLANDS INDIA: GENERAL SITUATION, PEOPLES, AND INSTITUTIONS

(1) THE SIGNIFICANCE OF THE ARCHIPELAGO STRATEGICALLY AND ECONOMICALLY

THE importance of Netherlands India in world economy was well described by Mr Cordell Hull, in a statement made on April 17, 1940, expressing the concern of the United States in any attempt by any Great Power to alter the *status quo* in the Archipelago. He said:—

“The Netherlands Indies are very important in the international relationships of the whole Pacific Ocean. The islands themselves extend for a distance of approximately 3,200 miles east and west and astride the Equator, from the Indian Ocean on the west far into the Pacific Ocean on the east. They are also an important factor in the commerce of the world. They produce considerable portions of the world’s supplies of important essential commodities, such as rubber, tea, quinine, copra, etc. Many countries, including the United States, depend substantially upon them for some of these commodities.

“Intervention in the domestic affairs of the Netherlands Indies or any alteration of their *status quo* by other than peaceful processes would be prejudicial to the cause of stability, peace, and security not only in the region of the Netherlands Indies, but in the entire Pacific area.”

Netherlands India includes the greater part of the Malay Archipelago: the islands of Sumatra, Java, and Madura, the greater part of Borneo, Celebes, part of New Guinea, the long line of islands stretching from east of Java to Timor (partly Portuguese), and the Molucca Islands between Celebes and New Guinea. The territory concerned is often called Indonesia by Dutch writers, or simply “India,” and its civilization and its peoples are often described by modern Dutch writers and by Indian nationalists as Indonesian. In English the name used is generally Dutch East Indies or Netherlands India. In French, *Indes Néerlandaises* is sometimes replaced by *Insulinde*, the name invented by the famous Dutch author, Douwes Dekker. The official name in Dutch is *Nederlandsch-Indië*. *Geographical Situation*

A glance at the map shows what an important place the Archipelago holds in the Indian and Pacific Oceans, between which they form a land bridge, commanding the sea routes between East Africa and southern Asia on the one hand, and the Far East and Australia on the other. The islands lie at the cross-roads of sea and air routes operating southwards from Japan and eastwards from Singapore. For the British Empire the main sea route to the East lies through the Red Sea, by Ceylon, and the Straits of Malacca, and the importance attached to this line of communication is shown by the immense expenditure of money and effort in making Singapore a first-class naval base. The Straits of Malacca have on the east British Malaya with Singapore, but the west coast is formed by the Dutch island of Sumatra. This fact alone makes it essential for Great Britain that Netherlands India should be in friendly hands.



*Sea Routes
through the
Archipelago*

Though the Straits of Malacca form the ordinary British sea highway to Australasia and the Far East, there are alternative routes. The shortest route to Australia is direct from Colombo across the Indian Ocean past the Cocos or Keeling Islands. There are alternative routes serving eastern Asia between the Pacific and Indian Oceans through the Archipelago, well out of reach of Singapore, though some of the passages require careful navigation. The main route from Manila southward runs through the Karimata Sea between Sumatra and Borneo, and on through the Sunda Strait. Other passages are: the Macassar Straits and the Molucca Straits (the Molucca Passage), west and east of the island of Celebes, into the Java Sea and the Flores Sea, and thence by passages between the islands into the Indian Ocean, the most important being the Sunda Strait between Sumatra and Java, the passage between Bali and Lombok (the Lombok Strait) and that between Sumbawa and Flores. Further East there is a negotiable passage through the Dampier Strait west of New Guinea. Ships passing from the Pacific to the Indian Ocean or to western and northern Australia need not pass the guns of Singapore, but could use these various waterways through the Archipelago. The ordinary

route from Hongkong and Manila to northern and eastern Australia lies west of the Philippine Islands through the Molucca Strait, the Molucca Islands, and the Banda Sea. The importance of maintaining an open passage through the islands was admitted in the Neutrality Declaration made on behalf of Netherlands India on September 4, 1939, which stated that all warships are allowed passage through the Sunda Strait, "which, though within the jurisdiction of the Netherlands, is indispensable to world traffic."

From the point of view of air communications the islands are equally important. Air communications between Europe and Australasia in normal times are maintained by Imperial Airways and the Royal Dutch Line (K.L.M.). Imperial Airways uses the route along the Mediterranean to Alexandria, thence across Iraq to the Persian Gulf, thence to Karachi and across India to Singapore. The land-plane service continues from Singapore, via Rembang in Netherlands India, to Port Darwin, a distance of 2,283 miles, of which more than 1,200 miles is over Dutch territory. The K.L.M. Service which formerly ran to Amsterdam transferred its headquarters to Batavia after the German invasion of Holland. In August 1940 it was reported that services, which had been suspended on May 10, were being resumed as far as Palestine.

Air Communications

The use of Dutch landing-grounds is practically indispensable for the stage between Singapore and Port Darwin.

It was often asserted before the War that a tacit understanding existed between the United Kingdom and the Netherlands Governments that, in exchange for landing grounds and port facilities in Netherlands India, British naval defence was available for the colony. This belief appears to have been unfounded. The Netherlands Government were determined to defend the territory themselves and were, in fact, arranging for the strengthening of the colonial fleet by three large modern cruisers. Though this shipbuilding project was defeated by the German invasion of the Netherlands, the Dutch Government in London have recently asked Dutch subjects living abroad to pay a voluntary income-tax, 96 per cent of the proceeds of which are to be devoted to the defence of Netherlands India. But it is nevertheless true that the naval base at Singapore did and does give potential protection—it is only 36 hours from Batavia by sea and 5 hours by air—as neither Government ever contemplated any but the friendliest relations between the two countries.

Defence Position

Of the great resources of Netherlands India, indispensable to the whole world and made accessible to all by a generous trade policy, full particulars are given later. It is sufficient to point out here that the

Economic Importance

country is one of the richest and loveliest in the world. It supplies 31 per cent of the world's requirements of copra, 17 per cent of tin, 33 per cent of rubber, over 20 per cent of sisal, and 29 per cent of palm oil, in addition to large supplies of the world's requirements of oil, tea, cane sugar, coffee, and practically the whole requirements of quinine.

So long as the production of this rich territory is in the hands of a Power following a liberal and non-discriminatory policy there is little reason for complaint. In 1938 20 per cent of Netherlands India's exports went to Holland (much of it for re-export), 16.6 per cent to the distributing centre of Singapore, and 13.6 per cent to the United States. Holland, Japan, the United States, Germany, and Great Britain, in that order, supplied the largest shares of imports. These figures would explain the preoccupation of the United States with the maintenance of the *status quo* expressed in Mr Cordell Hull's statement, even if no strategical question were involved.

2. NEUTRALITY QUESTIONS AND RELATIONS WITH JAPAN

*Position of
the Territory
after the
Invasion of
Holland*

The successful invasion of Holland by the Germans in May 1940 immediately raised the question of Netherlands India, which the Germans, with no fleet on the high seas, could not attack directly. On the capitulation of the Dutch army in Holland on May 15 many important business and banking firms in the Netherlands transferred their headquarters to Batavia. By the Netherlands Constitution Act of 1922 Dutch overseas territories had become integral parts of the Kingdom of the Netherlands, whose Government was now functioning in London, and that Government wisely gave the local Government wide powers of action; for example, the Netherlands Minister in Tokyo informed the Japanese Government that the Legation would in future act under the Governor-General of Netherlands India. In February 1941, however, as the Japanese Government appeared inclined to deal with the Netherlands India Government as if it were a virtually independent Government, the Netherlands Government instructed their Minister in Tokyo to inform the Japanese Government that the conduct of the foreign relations of Netherlands India was exclusively in the hands of Queen Wilhelmina and her Ministers.¹

An opportunity for direct consultations between the Home Government and the Netherlands India Government was provided by the visit of Dr van Kleffens, the Dutch Foreign Minister, and Mr Welter, Minister for Colonies, to Netherlands India in April 1941. The visit

(1) *New York Times*, Feb. 14, 1941.

was arranged at the suggestion of the Governor-General of Netherlands India. On their way, the two Ministers visited Mr Cordell Hull, and at Manila they also saw the United States High Commissioner for the Philippines. They visited Australia and New Zealand on their way back.

Relations with Japan, whose port of Palau in the Mandated Islands is only 450 nautical miles distant from New Guinea, are obviously of primary importance. When German threats to Holland became serious a month before the invasion took place, the Japanese Foreign Minister, Mr Hachiro Arita, made the following statement to the Press on April 15, outlining the reasons for the keen interest taken by Japan in the status of the Archipelago :—

“With the South Seas regions, especially the Netherlands East Indies, Japan is intimately bound by mutual economic ties. Similarly other countries of East Asia maintain close economic relations with these regions. That is to say, Japan, these countries, and these regions, are together contributing to the prosperity of East Asia in accord with the principles of mutual aid and interdependence. Should the hostilities in Europe be extended to the Netherlands and produce repercussions, as you say, in the Netherlands East Indies, it would not only interfere with the maintenance and furtherance of the above-mentioned relations of economic interdependence, and of co-existence and co-prosperity, but would also give rise to an undesirable situation from the standpoint of the peace and stability of East Asia. In view of these considerations the Japanese Government cannot but be deeply concerned over any development accompanying the aggravation of the war in Europe that might affect the *status quo* of the Netherlands East Indies.”

*Japanese
Statements
on Nether-
lands India*

Other warning—not to say menacing—Notes appeared in the Japanese Press,¹ that should Holland be involved in the European War, Japan would take measures to protect her interests. These statements were met in a speech on April 17 by Mr Cordell Hull,² who recalled that, in exchanges of Notes on November 30, 1908, and in the Notes accompanying the Treaty of Washington of February 4, 1922, the American and Japanese Governments had asserted their firm resolve “to respect the rights of the Netherlands in relation to their insular possessions in the region of the Pacific Ocean,” a speech which brought from Tokyo a statement that both Powers were agreed on the maintenance of the *status quo*.

On May 11, the day after the invasion of Holland, the Japanese Government formally drew the attention of the Netherlands, German, British and French Governments to Mr Arita's statement of April 15, while Italy and the United States were informed of the notification.³ The official replies were to the effect that the Powers notified fully

(1) See a dispatch from *The Times* Tokyo correspondent on May 15.

(2) For full text see the *New York Times*, of April 18.

(3) See a statement by the Japanese Foreign Office spokesman on May 11.

shared the concern expressed for the maintenance of the *status quo*, though there were significant variations in form. An assurance of disinterestedness in Netherlands India was made by the German Ambassador in Tokyo (May 22), and on May 25 it was announced that the Australian and Japanese Governments were in agreement with regard to the future of the Archipelago. Fears of possible Japanese action were not entirely allayed, especially after Mr Arita broadcast, on June 29, 1940, his view of a new world order in which the countries of Eastern Asia and the South Seas, "geographically, historically, and racially related," were destined to co-operate and minister to one another's needs, common well-being and prosperity, and to promote peace and progress. "The uniting of all these regions," he said, "under a single sphere on the basis of common existence, insuring thereby the stability of that sphere is, I think, a natural conclusion . . . This system pre-supposes the existence of a stabilizing force . . . it also pre-supposes that these groups will respect one another's individual characteristics—political, cultural, and economic—and will co-operate and fulfil one another's needs for their common good." He declared that the destiny of European colonies in Eastern Asia was a matter of grave concern to Japan in view of her "mission" as the stabilizing force in that region. An official statement on June 26 had included French Indo-China and Netherlands India in the Japanese sphere of interest.

In the successive declarations of policy made by Japanese statesmen after Prince Konoe's Government took office in August 1940, frequent references were made to the New Order in "Greater Eastern Asia".¹ Mr Matsuoka, the Foreign Minister, speaking in the Diet on January 21, 1941, expressly included Netherlands India, French Indo-China and Thailand in this New Order under the leadership of Japan. These countries, he said, lay within the sphere of common prosperity which he had outlined; if only for geographical reasons they should be in intimate and inseparable relations with Japan. There was an immediate reaction to this statement; the Netherlands Minister in Tokyo was instructed to reject the idea that Netherlands India should be incorporated in any New Order in East Asia under the leadership of any Power whatsoever. His Government could neither be guided in their actions by any such conception, nor acquiesce in the consequences of its application.

(1) An organization known as the Japan Federation of South Seas Associations was inaugurated on August 22, 1940. It included sixteen previously existing South Seas Associations of various kinds, and its aim, according to the Domei agency, was "to secure closer co-operation with the Government in achieving the Government's southward policy."

In the meantime pressure was put on Netherlands India to increase deliveries of foodstuffs and raw materials to Japan, and to give increased opportunities for Japanese business firms and for the admission of Japanese nationals to Netherlands India. On June 28 it was officially announced in Tokyo that the reply of the Netherlands India authorities was satisfactory in some respects, but that they had not agreed to admit Japanese enterprise and Japanese nationals on the scale desired, and the Dutch Minister was urged to secure complete compliance. A large Japanese mission headed by Mr Kobayashi, Minister of Commerce, arrived at Batavia in September to conduct economic negotiations. In a memorandum on the position circulated to the Volksraad early in January 1941 Mr van Mook, director of economic affairs in the Indies and leader of the Dutch delegates in the conversations at Batavia, made the Dutch East Indian standpoint clear. The Netherlands delegation had asked the Japanese whether the leadership of Greater East Asia, mentioned in the text of the tripartite pact, was meant to comprise the Indies.

*Economic
Negotiations
with Japan*

"The Japanese delegation answered that the pact had in no way altered relations between Japan and the Asiatic part of the Kingdom of the Netherlands. Verbal assurances were, moreover, given that Japan does not aim at such a leadership in the Netherlands Indies."

Although the negotiations were not immediately affected by the pact, Mr van Mook made it clear that further developments in the relations between Japan and Germany were being closely watched. His statement concluded with a declaration on future policy in the Indies:—

"It seems hardly necessary for the Government to declare explicitly that they would most emphatically reject a new order implying the authority of a foreign Power over this part of the kingdom, and they can neither appreciate nor promote a development in economic world relations leading to the inclusion of the Netherlands Indies in an Asiatic bloc.

"It is of vital importance for the Netherlands Indies not only that complete sovereignty be maintained in the country itself, but that friendly economic relations be promoted, without discrimination and on as large a scale as possible, with all those parts of the world which are not barred from communication with this country as a result of the war . . ."

The progress of the discussions was slow, and Mr Kobayashi finally returned to Japan; on January 20, 1941, Mr Matsuoka announced that Mr Yoshizawa, a former Foreign Minister, had been sent to Batavia to resume the negotiations. In an address to the Dutch colony in the city, Mr Yoshizawa said that what Japan desired was mutually beneficial trading. He maintained that the restriction of production policy hitherto followed was undesirable when Japan needed raw materials, and suggested that a contrary policy of developing regions hitherto neglected ought to be followed. The economic demands made by Japan became steadily greater. They included permission to explore

the Outer Islands, concessions, exploitation of undeveloped areas, permits of entry for professional men and small traders, the establishment of an air line from Japan, and mining and fishing rights. In June 1941 the discussions were discontinued, no agreement having been reached.

*Oil
Agreement,
November
1940*

Independently of the official negotiations, Japanese requests for a larger percentage of Dutch oil exports were considered at a meeting which opened at Bandoeng on September 5, 1940, at which the various oil interests were represented. On November 14 an agreement was concluded between the Japanese Mitsui and the Royal Dutch and Standard Vacuum interests. Its precise terms were not divulged, but according to Mr R. A. Butler's reply to a question in the House of Commons on November 27 Japan was to obtain about 900,000 tons of oil over the next six to twelve months "in addition to the quantities which the companies import to meet their quota of the trade in Japan."¹ This Agreement was renewed in May 1941. Japan was, however, still debarred from certain kinds of oil, notably aviation fuel, required by the Netherlands India Air Force.

3. GENERAL POLICY

Particulars of Dutch policy in Netherlands India are given in the sections that follow. But it may be worth while at the outset to indicate the general lines of that policy, because its character has undoubtedly been of great significance in maintaining the status of the country. At first sight it would seem surprising that so small a country as Holland should, for the last hundred years, when imperial rivalries have been so fierce, have been left in unchallenged control of possibly the richest purely colonial area in the world, when her naval and military strength is not that of a Great Power.

The main reason is perhaps the community of interest between the Netherlands and Great Britain for the last hundred and fifty years, a harmony only disturbed for a short period of acute commercial rivalry in eastern waters at the beginning of the nineteenth century. The foundation for a settlement of these rivalries was laid in the Treaty of 1824 defining mutual interests in the Malayan area, and, incidentally, confirming British occupation of Singapore. In the last forty years, which have seen great changes in the balance of power in eastern waters, mutual interest in the maintenance of the *status quo* in Malaya and the Malayan Archipelago has become more and more firmly established.²

(1) *Hansard*, November 27, 1940, col. 193.

(2) For the events leading to the settlement of 1824; see Appendix I.

Reasons for the acquiescence of other Powers in Dutch colonial strength may be found, first, in the intelligent application of the Open Door Policy, only slightly infringed since the Great Depression, (and then mainly against the flood of cheap imports from Japan) when the country was threatened with disaster by the fall in prices of the main exports of the country; and, secondly, in a wise if somewhat paternal care for the interests of the subject peoples which has, on the whole, been successful in warding off the more serious forms of unrest developed in the oriental dependencies of other Powers, though the Communist outbreaks of 1926-27 created considerable alarm both in Batavia and The Hague.

The great riches of the country have been enormously developed, in the last fifty years especially, and, although Holland herself has been an important beneficiary of this development, the whole world has benefited by the scientific development of Indonesian resources, and by the Dutch policy of placing at the general disposal the rubber, tin, sugar, tea, coffee, oils, and oilseeds required everywhere by industry and by ordinary consumers. When the then British Colonial Secretary, Mr Ormsby-Gore (now Lord Harlech), visited Eastern dependencies in 1928, he reported that Java "certainly affords the most remarkable example in the world to-day of the application of science to the development of the tropics." There has been free admission of foreign capital and foreign enterprise, so that British, American and to a lesser degree French, German, and Belgian enterprises have benefited on equal terms with the Dutch themselves."¹

Where restrictions of output have been found necessary in the last ten years, they have been carried out with international consent among the producing countries concerned, and before the Crisis Ordinances of 1931 there were few import duties, and no discriminatory import duties whatever. In short, the Dutch have acted honestly as trustees of the whole world in the exploitation of the riches of the Indies. Restrictions on trade imposed after 1931 were moderate, and showed little or no discrimination. Policy has been guided by the consciousness that the greatest development of the Indies took place in an era of "almost complete economic equality between all peoples of the earth."²

(1) A recent estimate (by J. F. Rutgers in *Vingtième Siècle*, April 23, 1940) gives an estimate of the total of private capital invested in Netherlands India agriculture, mining and industry as follows (in millions of guilders): Netherlands 4,500; Great Britain 500; France and Belgium 120; United States over 100; Germany 24; Japan 24; Italy 24. There are also large Chinese capital investments, but there are no reliable estimates of the amount.

(2) See Baron F. M. van Asbeck, *The Netherlands Indies' Foreign Relations*, (Amsterdam: National Council for the Netherlands and Netherlands Indies of the Institute of Pacific Relations, 1939).

*Trade
Agreements*

With the general increase of restrictions on trade in all parts of the world and with the growth of the system of bilateral trade agreements, crippling on the whole to a country with the type of economy of the Dutch East Indies, the Government have sought to mitigate the resulting difficulties by entering into commercial treaties with a number of countries. The Government first took powers to enable them to negotiate with a strong hand by the Retaliation Act of 1936 directed against countries whose trade with Netherlands India was not regulated by treaty. They then proceeded to negotiate a series of bilateral agreements, in which quotas were reserved in return for concessions in favour of Netherlands India exports by manipulation of the framework of import quotas and restrictions imposed under the Crisis Ordinances of 1931 and the following years. Among the important new agreements thus concluded were the Trade Agreement with Germany signed in 1934 and prolonged, with modifications, until 1940; an agreement of 1935, subsequently prolonged, with French Indo-China; and others with Poland (1936), Switzerland (1937), Italy (1937), Spain (1936), the United States (1935), and finally with Japan.

*Liberal
Internal
Administra-
tion*

In the second place, the Dutch authorities fully recognized their obligations to the native peoples themselves, and there is general respect among other colonial Powers for the methods of government and of administration which have safeguarded the people from the worst evils often associated with the impact of western methods, and recently from the full effects of the fall of prices in the 'thirties. In all the material aspects of Indonesian civilization, in sanitation, public health, and in the scientific development of local food supplies, the Dutch administration has great achievements to its credit, reflected in the steady growth of a population subjected to the manifold dangers of tropical diseases, from plague and cholera to malaria. On the political side the task of administration has been rendered more difficult by the dualistic character of Indonesian civilization. The point has been clearly put by Baron van Asbeck:

"We find in the Indies on the one hand a native economic system under which about 95 per cent of the population lives, and on the other the Western system that deeply affects native institutions not only by means of Western capitalistic enterprises but also by money economy and other modern elements.

"We need not here enlarge upon the difference between the native and the Western economic systems. Suffice it to remark that these two confront each other as two parties of very unequal strength—a circumstance which obviously lays upon the shoulders of the Government the inescapable duty of protecting the weaker party—the masses of the population—from being economically overwhelmed, dispossessed of their land, and exploited as a plentiful source of labour. The very simple standard of life of these millions has always made intervention imperative and continues to impose this policy.

"As intermediaries between these two systems we find the Chinese middleman and in some regions the more enterprising native. Since the economic depression

the Japanese have endeavoured to put into the hands of their own countrymen all the activities required to bring goods from Japan to their ultimate destination in the Indian villages."¹

Effective control of native organs of government, exercised through Dutch Residents "advising" native authorities, has been carried out without any over-hasty revolution in native law and social life. The system gives the Administration a fairly close hold on the detail of native administrations. At the same time a cautious advance has been made towards central representative institutions by the establishment of a parliament, the Volksraad, which has some real say, especially in financial matters. It would be idle to suggest that the advance towards self-government is rapid enough to satisfy some sections of the new native intelligentsia which an enlightened educational system has created in Java—an intelligentsia which is in inevitable touch with subversive movements in other Oriental countries. The Dutch authorities know that eventually more comprehensive methods of self-government are inevitable, but they maintain that the principles on which they act of developing native responsibility first of all in the village, the unit of Indonesian society, then in the municipality and the district, provide the essential foundation of peaceful evolution.² The declared aim is eventual self-government, though, as in colonial countries under other Powers, performance lags behind theory in this respect. In 1918 the then Minister of Colonies formulated policy in these words: "To call as much as possible on the Indies' own forces in developing the country's resources; to raise the population to such a level that they will be capable of attending to their own affairs and ruling their own country, and by so doing to lay the foundations for complete self-government." This declaration was repeated by the Government of Netherlands India in 1926, the year when the native national movement found vent in outbreaks of revolutionary violence.

It may safely be said that the Dutch administration conforms reasonably closely to the principles laid down in the Mandates system on the treatment of subject peoples, that "the well-being and development of such peoples form a sacred trust of civilization." Of the international obligations indicated in Article 22 of the Covenant of the League of Nations, the one providing for "equitable treatment for the commerce of other Members of the League" was only infringed, as we have seen, after the shattering experience of the Great Depression.

It is, therefore, not surprising, that the Greater Powers would see

(1) *The Netherlands Indies' Foreign Relations* just cited.

(2) For a critical analysis of these institutions see J. S. Furnivall, *Netherlands India. A Study of Plural Economy*, pp. 284 *et seq.* (London: Cambridge University Press, 1939).

with something like consternation the passing of the sovereignty of Netherlands India from its present holders to any Power practising the doctrine of exclusive exploitation for the benefit of the Metropolitan Power.

4. CLIMATE AND SOIL

Temperature and Rainfall

Netherlands India lies between latitude 10° N. and latitude 10° S. and so has a truly or else a modified equatorial climate, with little variation either of temperature or of season. This monotony, characteristic of low latitudes, is the feature most debilitating for European settlers. The temperature remains constantly high, although it is less high than might be expected for the latitude on account of the widespread interpenetration of the land by the sea. Nevertheless the distribution of pleasantly cool temperatures is an effect rather of altitude than of season, and there are many pleasant hill stations in both Java and Sumatra, though regular resort to them is less necessary than it once was because of greatly improved conditions in the cities.

The greater part of the Archipelago has no arid season. The terms "dry" and "wet" are to be understood in a relative sense, and the easterly and westerly monsoon currents with which they are associated are overshadowed as rain-makers by local convectional currents. The intense heat of the morning from sunrise onwards produces thunderstorms practically every afternoon, and it is in this form that a sufficiency of rain is received almost everywhere even during the "dry" monsoon. On the whole, aridity increases and the dry season is more pronounced towards the east with approach to Australia. But only the Lesser Sunda islands really suffer from an inadequate supply: in the larger islands there are always wet mountainous districts sufficiently near the lowlands to allow of irrigation in the plains.

Configura- tion and Soil

Throughout the greater part of the Archipelago the earth's crust is still unstable and mountain ranges are in process of formation. The same great ridge makes the backbone of the arc of islands from Sumatra to the small isles east of Flores and culminates in many volcanic peaks. From the Indian Ocean it rises abruptly, but on the northern side there are coastal plains, which in Sumatra are quite extensive. The alignment of the Sunda arc with reference to the prevailing winds determines the paucity of natural harbours; surf pounds on the steep southern coasts, while the river mouths on the north show a tendency to silt up. Sourabaya, in the lee of the island of Madura, is the only naturally protected harbour. In New Guinea, of which only the western half is Dutch, the disposition of relief is reversed and the most

extensive lowlands occur on the southern side of high mountains. The islands north of the deep Banda Sea bear a less obvious relation to one another, but the larger islands of Halmahera, Celebes, and Borneo are characterized by ranges radiating in each case from a central knot. Borneo is geologically the eldest and between the radial ranges there are plains, whereas in Celebes and Halmahera the ranges are separated by gulfs of the sea and so become peninsulas. The relative age of Borneo, Banka, and Billiton and the most easterly parts of Sumatra is important in determining the localization there of mineral wealth.

*Volcanic Soil
and Irrigation*

The soaring mountain chains are of great importance in promoting rainfall and in permitting the production of a variety of crops, including tea, coffee, and cinchona which could not otherwise be grown. Their lower slopes are terraced in order to shore up the soil against erosion by the heavy rains and to facilitate irrigation, for which some slight degree of slope is imperative. From prehistoric times there have been extensive irrigation works, and in the last hundred years the Dutch, who are past-masters in hydraulic engineering, have developed a highly scientific system of water control and irrigation in Java. Unlike the practice in most countries where a Government system of irrigation exists, the water is supplied free to the peasant farmer. In this way not only is the water coming down from the mountains turned to good account, but the silt it brings with it is retained and serves to renew the soil and its fertility. All silt obtained from the erosion of volcanic mountains is not equally rich, and Sumatra and the Moluccas are in this respect less blessed than Java, where the acidity of the volcanic debris is less. Nor are good volcanic soils, which are present in equal measure in Japan, a sufficient basis in themselves for agricultural prosperity. The fact that climate as well as soil favours identical areas in the Indies accounts in large measure for the contrasts in their cultural and economic development.

*The Outer
Islands*

None of the other islands is so richly endowed as Java for agricultural purposes. Because of its great fertility, Java was a thickly-populated area long before European development began. Of the Outer Islands (the islands other than Java and Madura) Sumatra offers apparently the best climatic and soil possibilities, but its advanced development in comparison with the other great islands is no doubt partly due to its position on the Straits of Malacca, one of the great avenues of world trade, and to its mineral resources. The greater part of Sumatra, as of Borneo and New Guinea, would naturally be heavily forested, but in the rather marshy lowlands there are considerable areas of exceedingly fertile soil. The mountainous interiors of Borneo and New Guinea are difficult to penetrate, and much of the coastal

land is covered by mangrove swamp. The cultivable areas in Borneo are in the basins of the rivers flowing to the Java Sea. There are some areas suitable for development, notably in the Mahakane Delta (Samarinda), on the east coast, and in West Borneo, near the Sarawak boundary, where there are coco-nut plantations. Except in the south-west and on the shores of the northern peninsula, Celebes is still largely covered with forest, but the coco-nut palm grows freely, and the rich land of the Molucca or Spice Islands, which first attracted Europeans to the Malay Archipelago, still produces spices. The possibilities of New Guinea were still almost unknown until the last few years. The Netherlands India and New Guinea Development Company has just completed a plan for opening up the jungle for rubber, coco-nut, and oil-palm estates, and for exploring forest areas, a process only made possible by a year's work in aerial survey and mapping carried out by the Dutch authorities.

Throughout the Great East, as the islands east of Java are called, the possibilities of the soil can hardly be tested until it has been found worth while to spend large sums on penetration and clearance. The development of a scientific forestry is a first step in that direction, but if they offered anything like the possibilities of Java, Bali, and Lombok, it is probable that they would have been populated by Chinese and others centuries ago.

5. AREA AND POPULATION

The area of Netherlands India is nearly three-quarters of a million square miles, and the population in 1940 was estimated at about $69\frac{1}{2}$ million. It will be seen that the total area is nearly three times as great as that of Japan with her adjacent territories (Manchukuo excluded), and that the population approaches that of Japan proper ($72\frac{3}{4}$ million, 1939 estimate). Population is by no means evenly distributed. The mass of the people ($41\frac{3}{4}$ million of a total of over $60\frac{3}{4}$ million in 1930) are concentrated on the relatively small area of Java and Madura, whose rich volcanic soil is able to support a dense population of an average density of 818 per square mile, while in some areas of the Outer Islands density falls to very low figures.

*Distinction
between Java
and Madura
and the Outer
Islands*

The division of the territory for administrative and statistical purposes, followed in the tables given at this point and later, into Java and Madura and the "Outer Possessions" or "Outer Islands," is at first sight confusing. The distinction has a historical basis which offers some explanation of the great divergences shown between the two groups in many respects. In the early stages of Dutch rule in the Indies, after the first preoccupation with the Molucca or Spice Islands whose

products were so highly prized in seventeenth-century Europe, attention was concentrated on the rich island of Java, and it was only very gradually that any effective control was secured over the rest of the Archipelago, except in the immediate neighbourhood of the ports. Indeed, serious development of the Outer Islands has only been in progress for the last seventy or eighty years. In the meantime, however, full administrative organization of these Outer Islands has been achieved and is now being perfected.

The following table gives population figures by administrative areas, somewhat condensed from the figures provided in the Statistical Abstract for Netherlands India (*Indisch Verslag*). The figures are ten years old, as the results of the 1940 census are not yet available.

TABLE I

AREA, POPULATION, AND DENSITY (1931) BY ADMINISTRATIVE DIVISIONS

<i>Administrative Units</i>	<i>Area (sq. miles)</i>	<i>Population</i>	<i>Density per sq. mile</i>
West Java Province	18,100	11,397,146	629·7
Mid-Java Province	10,900	11,141,629	1,022·2
Soerakarta Govt. ..	2,300	2,564,848	1,115·1
Jogjakarta Govt. ..	1,200	1,559,027	1,299·2
East Java Province	18,500	15,055,714	813·8
A. Total Java and Madura	51,000	41,718,364	818·0
B. Sumatra (10 Residencies)	182,900	8,254,843	45·2
C. Borneo (2 Residencies)	208,300	2,168,661	10·4
Menado Residency	34,200	1,138,655	39·1
Celebes and neighbouring islands			
Residency ..	38,800	3,093,251	79·7
Moluccas Residency	191,700	893,400	4·7
Timor and Flores and islands Residency	24,400	1,657,376	68·0
Bali and Lombok Residency ..	4,000	1,802,683	450·8
D. Total Great East Government	293,100	8,585,365	29·3
Total Outer Provinces (B, C, D)	684,300	19,008,869	28·1
Java & Madura (A)	51,000	41,718,364	818·0
Total Netherlands India	735,300	60,727,233	82·6

Source: *Indisch Verslag*, 1938, Landsdrukkerij, Batavia, 1939; Part ii.

The growth of the population in Java and the necessity of providing labour for the development of the sparsely-populated Outer Islands has made some redistribution of population desirable, but the process involves many difficulties. The increase in numbers in the total population of Netherlands India in the eight years 1930-37 is estimated at 6,673,000, or over 800,000 a year, nearly as great as that of Japan. The rate of natural increase has been, and is, high, even for an Oriental population. The intercensal average is shown in the following table:

TABLE II
RATES OF INCREASE OF NATIVE POPULATION PER 1,000
OF THE POPULATION

				<i>Average</i> 1920-30	<i>Average</i> 1905-20
Java and Madura	..	..	..	17.3	9.3
Outer Islands	..	..	..	27.8 ¹	43.1 ¹
Netherlands India	..	..	..	20.4	17.3

(1) Partly accounted for by movements from Java outwards.

*Settlement
from Java in
the Outer
Islands*

Little effort was made to redistribute the population until the serious effects of the Depression of 1929-33 and consequent extreme poverty among the crowded population of Java made action urgent. Small efforts had been made before that time, mainly to supply labour for the growing mining and plantation industries in the Outer Islands, especially Sumatra, and by 1928 about 25,000 people from Java had been placed in colonies in the Lampong districts, on the East Coast of Sumatra, and in Benkoelen. The congestion in Java, where there were already 42 million people in 1930, seemed unjustifiable while Sumatra, three times as large and with much land available for cultivation, had only 8 million people. But no official steps were taken to modify the situation until 1937, when 3 million guilders out of a loan from the Home Country were set aside for colonization in the Outer Islands. The progress made under the scheme is shown in the following table giving the number of settlers from Java in the Outer Islands at different dates and the area under cultivation by them:

TABLE III
SETTLEMENT OF NATIVE FARMERS IN THE OUTER ISLANDS

		1935	1936	1937	1938
SETTLERS					
Number on Jan. 1	..	58,934	69,183	80,325	94,178
INCREASE					
New Arrivals	.. ..	15,809	16,627	19,307	33,399
Born .. ..	.. ..	1,833	2,373	3,301	3,722
DECREASE					
Departures .. ..	.. ..	5,485	5,304	5,951	3,467
Deceased .. ..	.. ..	2,069	2,554	2,851	3,178
Number on Dec. 31 ¹	..	69,074	80,325	94,178	124,098
Area cultivated (hectares) ..		51,728	44,488	53,265	59,613

(1) Revised totals.

Further arrangements provide for the migration of 49,339 in 1939 and of 55,000 for 1940. It is intended to continue this migration at the rate of 60,000 a year. The new colonies have been placed, not only in the districts in which colonies already existed, but in the Palembang district of Sumatra, in Celebes, and in South-East Borneo. The movement is independent of the migration of coolies for temporary work on estates and in mines, though in time the new villages will provide additional local labour. If they are to be satisfactorily settled, the Javanese, Sundanese, and Madurese migrants must be made to feel at home in their new environment, and each colony must be able to develop the traditional life of the Javanese *desa* or village. In most cases they must be able to continue the traditional cultivation of the flooded rice field, which means the selection of a suitable site with possibilities for irrigation. Young married couples are the first choice. The cost of settlement has been reduced by sending migrants to help in harvests, to give part-time on estates, and to begin the preparation of the new home before final settlement. It is hoped in the near future to raise the figure of migration to 100,000 emigrants a year. The Bureau of Statistics in Batavia calculates that if emigration could be brought up eventually to 120,000 young couples a year, the population of Java might be brought by the end of the next sixty years to a practically stationary condition.¹

Equilibrium between population and food supply is being sought also by various schemes of economic welfare. In 1936-7 two major programmes of public works, based on funds from the grant from Holland and from the native rubber funds, were drawn up for execution over a period of years. They included the expansion and intensification of native agriculture, forestry, fisheries, and industries by the construction of bridges, irrigation works, and roads.² It appears that the pressure of population on the land in Java cannot be met by improved methods of agriculture. The countryside of Java has been described³ as "an unending village surrounded by its laboriously tilled little fields and groves, save where the plantations intervene." The remedy in the long run appears to be by way of industrialization.⁴

(1) See Ellen van Zyll de Jong in *Far Eastern Survey*, April 10, 1940 (New York: Institute of Pacific Relations).

(2) For the expenditure allotted under various heads see Department of Overseas Trade *Report on Economic and Commercial Conditions in the Netherlands East Indies*, p. 102 (London: H.M.S.O., 1938).

(3) Harold Butler, *Problems of Industry in the East with special reference to India, French India, Ceylon, Malaya, and the Netherlands Indies*, p. 52. (Geneva: International Labour Office, 1938).

(4) For the progress made in this direction see below, pp. 66-8.

6. NATIVE POPULATION—RACE, RELIGION,
OCCUPATIONS*Racial
Origins*

The people of Netherlands India are mainly of Malay stock. They include some 137 tribes and groups, differentiated in type and language, and their civilization is often described as Indonesian, because of the strong Hindu influences which prevailed in the Archipelago before Islamization took place. The Malay stock is predominant in Java, Sumatra, and Celebes; it is to be found in all parts of the Archipelago, though it is uncertain how far the Malays absorbed aboriginal elements. There are, especially in the eastern islands, large Melanesian groups (Papuans) and in the interior of the large islands remnants of various primitive peoples.

There is much controversy on the origins of the various groups. It is generally supposed that the Negritos, small, dark-brown or black peoples, still to be found in parts of the Malay Peninsula, as in the Philippines, were early inhabitants of the western part of the Archipelago, and that the Melanesian Papuans were the early denizens of the eastern islands. Later comers were (1) Caucasian people, the Polynesians of to-day, still represented in Netherlands India by the Mentawi islanders of Sumatra; (2) a Mongol-Caucasian group with a preponderance of Caucasian blood, sometimes called "pre-Malays," now represented by the Dyaks of Borneo and the Bataks of Sumatra; and (3) within historic times, the true Malayan peoples, Caucasians with possibly some Mongol admixture, the brown peoples who became the dominant race throughout the Archipelago. The Menangkabaus of Sumatra with a highly developed matriarchal system, inhabiting the mountains above Padang, claim that their district was the cradle of the Malay race, whence they emerged to the conquest of the Malay Peninsula and of the Archipelago.

Hindu colonists, who began to arrive in the second century A.D., left their impress especially in Java and the adjacent smaller islands, where the remains of Hindu and Buddhist temples show the extent of Indian predominance at one time. Hindu civilization, established by the Hindu princes who ruled in Java until the fifteenth century, left an enduring impression on the social and economic system. The peoples of Java exhibit in their physique traces of Indian blood. In some of the smaller islands Hindu religions in a modified form still prevail. Many social institutions, commonly regarded as typically Indonesian, are of Hindu origin, e.g. the shadow plays with characters derived from the Ramayana, and the dances which attract tourists to the island of Bali. In fact, the power of the Hindus began to decline about 1450, as the Arabs and other Mohammedans who had begun to filter into the

Archipelago in the middle of the thirteenth century became more powerful. Chinese traders also came in considerable numbers, but were not assimilated. The process of Islamization was already well advanced when the Portuguese reached the Indies at the turn of the fifteenth—sixteenth centuries. It may be said that all these successive invaders except the Europeans were absorbed by the Indonesian civilization, except for small pockets of primitive peoples surviving in more or less isolated districts.

The Malay language, spoken throughout the coastal districts by Malays (later immigrants than the original stock), forms a *lingua franca* for the whole Archipelago. The most highly developed of the Indonesian languages is Javanese, of which Sundanese and Madurese may be said to be dialects. *Language and Religion*

Statistical returns show Islam as the religion professed by the great majority of the people, and the pilgrimage to Mecca is made by many Indonesians every year. But even among the educated classes of Moslems, profession is not very strict. The mass of people calling themselves Moslem practise rites and ceremonies often of Hindu origin, and in the remoter districts and even in some parts of Java in the countryside, primitive animism plays a considerable part. Especially in the eastern half of the Archipelago Mohammedanism is overlaid with pagan rites and superstition, and many groups in remote districts are pure pagans. Devout and orthodox followers of the Prophet are mainly in Sumatra, the Achinese, the Menangkabaus, and some others. There are about 2½ million Christians.

Professor Schrieke gives the following distribution of populations in the principal islands:

TABLE IV
NUMERICAL IMPORTANCE OF VARIOUS RACIAL GROUPS

<i>Area</i>	<i>Peoples</i>
Java and Madura ..	Javanese, 28 million Sundanese, 8½ million Madurese, 4 million or more
Sumatra	Menangkabaus, about 2 million Bataks, over 1 million Achinese, 800,000 or more Palembangese, over 700,000 Malays, with those living in other islands, over a million
Borneo	Dyaks, 650,000 Banjarese, 900,000, and Malays
Celebes	Buginese, 1½ million, a seafaring people Macassarans, 640,000 Torajas, 550,000 Minahasans, about 300,000

(1) *Bulletin of the Colonial Institute of Amsterdam*, May, 1939.

The occupational distribution in Java shows a marked preponderance for agriculture, but its character has varied very much under the different régimes to which the country has been subjected. In the fifteenth and sixteenth centuries, when a high level of civilization was reached, the Hindu Javanese were largely a nation of seafarers, ship-builders, traders, and explorers. In the seventeenth century, as a result of the policy of the Arab State of Mataram and of the Dutch East India Company, they became an agricultural population. Many Javanese traders migrated to Macassar, where they permeated the agricultural population with a new spirit of energy and enterprise, and created a seafaring and merchant class with traditions which still survive.

*Occupational
Distribution*

Professor Schrieke estimates that to-day of every eighty natives gainfully employed in 1930, there were forty-eight working in native agricultural estates, two were cattle breeders, hunters, or fishermen, and one was engaged in some capacity connected with forestry, the oil business, mines, or salt-making; industry claimed nine (of whom two were engaged in the preparation of food and accessories, three in the textile industry, two as workers in wood and bamboo, one in the clothing industry, and one in some other industry); one held a post in connection with transport; four were merchants (three trading in foodstuffs and accessories, and one in some other article); one was a professional man—an artist, journalist, teacher, or lawyer—or filled some religious or medical post; two were in public service, central or local, including that of a native state, or more often, of a native village community; one was a domestic servant, and six were nondescript day labourers.

Figures of occupations given in *Indisch Verslag*, 1939, are as follows:

TABLE V
OCCUPATIONS OF NATIVES GAINFULLY EMPLOYED IN NETHERLANDS INDIA
IN 1938

<i>Occupation</i>	<i>Men</i>	<i>Numbers Women</i>	<i>Total</i>
Production of raw materials	10,861,437	3,331,721	14,193,158
Industry	699,219	1,405,910	2,105,129
Transport	286,071	4,669	290,740
Commerce	448,995	641,873	1,090,868
Liberal Professions	110,406	39,821	150,227
Public Administration	488,727	3,184	491,911
Other Occupations ¹	1,125,597	832,012	1,957,609
			20,279,642

(1) Including a total of 1,578,226 occupations, insufficiently described for purposes of allocation.

Unfortunately the list does not cover the entire occupied population, but it indicates that 70 per cent or more of the adult native population are engaged on the production of raw materials. Of the 14,195,158 persons listed above as employed in the production of raw materials, 11,996,000 were engaged in ordinary native agriculture, 1,351,134 on non-native cultivation including 529,157 cultivating sugar; the remainder were engaged in cattle-breeding or fishing.

It is difficult to generalize on the standard of living because a great part of the population are engaged on plots of land where the main share of production is for consumption by the family. Money does not play a great part in the life of the ordinary peasant with his paddy field, his goat and chickens and perhaps his cow, and there is a high degree of uniformity in the general native standard of living. Of 20 million gainfully employed in 1935, not more than 30,000 persons were assessed to income-tax at an income of 900 guilders or over, and the group included less than 2,000 with an income of 4,000 guilders or over. Mr Harold Butler, in the work already cited, points out that in the more sparsely inhabited areas of Sumatra the people evidently enjoy a higher standard of living than the crowded inhabitants of Java. "Goods," he says, "are rarely carried in tiny quantities for an exiguous reward as in Java, but are transported by bicycles, pony-carts, and even motor-cars. The general appearance of houses and children and parents suggests a state of life above the harsh struggle for mere existence so characteristic of India or even Java."

*Standard of
Living*

7. EUROPEANS AND FOREIGNERS AND THEIR OCCUPATIONS

Detailed figures for nationality, occupation, etc., are also only available for 1930. For official purposes the European population of Netherlands India is taken to include (1) all Dutchmen, (2) all other people of European origin, (3) Japanese and other people whose family law is approximate to Dutch law, (4) the children of fathers belonging to the first two categories, and (5) persons who by Government decree have been assimilated to Europeans. Under this system a good many Eurasians are included as Europeans. The greater part of the settled "European" population are of Dutch origin; the temporary population is very mixed. There is officially no colour bar in Netherlands India, and there has been a good deal of intermarriage between Dutchmen and natives. The fruit of these mixed marriages where the father is Dutch are reckoned as Europeans. In spite of the tropical climate even families of pure Dutch blood are able to settle in the Indies and to

*Definition of
"European"*

bring up their children there, partly because excellent hill stations are available within easy reach of Batavia and other towns. Consequently, there is a substantial permanent Dutch population, with its own local patriotism. As educational facilities increase and a full university education becomes available, the tendency for families to remain in the Indies is strengthened. The non-native population in 1930 was given as 208,269 Netherlands, and 31,893 of other nationalities, including 7,381 Germans and Austrians, 2,414 British. The numbers of Japanese and Formosans included was 7,159; there were also 1,190,014 Chinese.

Occupations

About one-fourth of occupied "Europeans" were engaged in State services. In Western Java, where a third of the whole European population is concentrated (there are 50,000 in Batavia alone), about half of them are in State services. In Sumatra about one-fourth of the Europeans are engaged on estates. Both in Borneo and Sumatra many Europeans are engaged in the oil industry. The Crisis Ordinance of 1935 limited the employment of European aliens; in practice the restriction applied chiefly to business houses recruiting their employees from home sources. Alien residents of nine years' standing have special privileges. More than half the Europeans in Java and Madura, and a rather smaller proportion of those living in the Outer Islands, may be considered permanent residents, a large part of these permanent residents being of Dutch origin.

Of the 16,821 persons admitted to the country in 1938, 3,187 were Netherlands, of whom 1,779 were men and boys; of these Netherlands 632 were engaged in commerce, 473 in the liberal professions, and only seventeen in public administration. Of 309 Japanese (166 men), the great majority, 112 men, were engaged in trade. Of 11,767 Chinese (6,819 men), 1,759 were in trade.

The Open Door policy followed by Netherlands India has been extended to the public services, which included some 400 Germans. Although the German colony was not very large it was important on this account. After the invasion of the Low Countries there was fear of a Nazi Putsch in the Indies, although only about 10 per cent of the German Colony were thought to be Nazis, and large numbers were interned on an island outside Batavia.

The Chinese Colony

The Chinese colony is extremely important. Half of the Chinese, a million or more, live in Java and Madura—in Batavia alone there are over 70,000. Many of them, especially those in Java, have been settled in the Indies for generations, and speak only Malay. The Chinaman usually comes alone, and marries or lives with a native woman. The children of such unions are legally Chinese, but they often speak no

Chinese. The Chinese are on the average richer than the native population, a large proportion of them being traders. The cultured Chinese speak several languages. The newer comers, however, maintain their Chinese character and their connections with China, and they have in recent years remitted large sums to China for assistance in the struggle against the Japanese.¹

The Chinese question in Netherlands India is complicated by the fact that most of the settled Chinese possess a double nationality. By a Chinese law of 1909 they were declared to be Chinese nationals (on the basis of the *jus sanguinis*), while, by a Netherlands law of 1910, all persons born of parents settled in the Indies were declared to be Netherlands subjects. An appendix to a Sino-Dutch consular convention of 1911 prescribed that in Netherlands territory the Dutch law of nationality prevailed. Further, these long-settled Chinese had the same status as the indigenous peoples, and when the Japanese secured in 1899 "European" status, the distinction created a real Chinese grievance.

Chinese traders and Chinese capital did much to assist in the development of the Indies, and the community was the object of much jealousy and suspicion by Europeans, who accused them of exploiting the native population. After the Japanese acquired the status of "Europeans" in 1899, the Chinese agitated for similar privileges. In 1905 they began to found their own schools, where English was taught instead of Dutch, a step which led the Government to provide Dutch-Chinese schools. Various privileges were granted from time to time until in 1919 all restrictions on residence and movement were removed in Java, a measure extended to the Outer Islands in 1926. Legislation passed in 1925 practically removed them from the jurisdiction of native courts, and in 1930 the intention was announced of placing them on the same basis as "Europeans." They have representation in the Volksraad.²

Recruitment of Chinese coolie labour in China for agricultural and mining industries in Netherlands India ceased in 1934, and working immigrants are now usually required to pay a sum of 150 guilders to ensure repatriation, unless they are employed under penal sanctions, in which case the contract must contain a clause for repatriation at the employers' expense at the end of the contract.

(1) A correspondent writes that the Chinese in the Indies regard themselves as Netherlands Indians *and* as citizens of the great Chinese Fatherland, even if their ancestry is 75 or more per cent Javanese. In the Outer Islands 50 per cent of the Chinese are newcomers, speaking Chinese and a smattering of Malay. Connections with China have been more easily maintained in the last twenty years because of the good steamship service.

(2) See Furnivall, *Netherlands India. A Study of Plural Economy*, p. 242.

Japanese

Though relations are often difficult between Netherlands India and Japan there does not seem to have been until recently the same jealousy of Japanese settlers, whose numbers were small and whose economic significance was much less.¹ The Japanese were mainly farmers, fishermen, and were engaged in small trades. They secured some place in retail trade, but in this they had to meet acute Chinese competition. The Japanese Government are now pressing for extension of facilities for Japanese trading firms and traders, and it is reported that recently Japanese houses have sought to employ Japanese, wherever possible, to the exclusion of natives and others.

8. ADMINISTRATION

The Dutch first reached the East Indies in 1596, the Dutch East India Company was founded in 1602, the first Governor-General was appointed in 1609, the city of Batavia was founded in 1619, and the colony remained in Dutch hands until 1811, when the Netherlands were incorporated in the Empire of Napoleon I. The Dutch possessions in the Indies were consequently seized by the British, and were not restored by them to the Netherlands until 1816, after the peace.

It was only after long delay that the whole of the Archipelago was placed under effective Dutch control. The rule of the Dutch East India Company was thoroughly established in Java at an early stage, and the Moluccas were also under control at an early date. Before the end of the seventeenth century, the rivals of the Dutch, the Portuguese, had been expelled from the Archipelago, but in the Outer Islands control remained little more than nominal, except at coastal stations. After the interval of British rule in 1811-16, when Java was administered by Sir Stamford Raffles, England retained some posts in Sumatra, which were only surrendered in 1824. By 1876 the greater part of Sumatra was under Dutch administration, though the Achinese in the north were only conquered after long wars which ended in 1904. The new Governor-General appointed in that year, Van Heutsz, undertook military patrols of nearly all the Islands and when he resigned his office in 1909 conquest was complete, and Dutch administration largely consolidated.

The history of Dutch colonization and administration is of great interest to the student of colonial methods,² but in this place an ac-

(1) See an article by G. H. Bousquet "The International Position of Netherlands India" in *Pacific Affairs*, December, 1939.

(2) It can be studied in the great work of De Kat Angelino, *Colonial Policy*, Eng. trans. The Hague, Nijhoff, 1931. A good recent study in English is that by J. S. Furnivall, already cited.

count of the more recent developments of the system as it exists to-day must suffice.¹

By the Netherlands Constitution Act of 1922 Netherlands India became an integral part of the Kingdom of the Netherlands. The Crown may issue royal decrees referring to treaties with foreign Powers, defence and foreign relations generally. The Crown may also intervene in the case of differences between the Governor-General and the Volksraad of the Indies. The Governor-General, appointed by the Crown, is responsible for the general administration, though certain high appointments lie within the province of the Crown. The Governor-General, under war conditions, enjoys considerably expanded powers, and has been given a large degree of independent action in case of emergency.

Status of the Territory

The Governor-General is assisted by the Council of the Netherlands Indies (Raad van Indië), which consists of a Vice-President and four members (the law allows for six) selected for their experience in administration. At present the Vice-President and three members are Netherlands; the other member is Javanese. The Governor-General is bound to consult the Council on a wide range of questions, including relations between the Government and the Native States.

Council of the Indies

There are eight departments of general administration: War, Navy, Justice, Finance, Internal Affairs, Education and Public Worship, Economic Affairs, Traffic and Water Supply, each in charge of a director responsible to the Governor-General.

There are eight main administrative units in Netherlands India—three Provinces and five Governments. Of these, three Provinces and two Governments are in Java and Madura. The three Governments outside Java² and Madura—Sumatra, Borneo, and the Great East—were constituted only in 1938. These large units are divided into Residencies, each under a Dutch Resident, and in Java these again are divided into Regencies, varying very much in size and importance, each in charge of a native Regent. Usually the office of Regent is handed down from father to son. The Regent has under him the native chiefs and officials immediately concerned with native administration. The Regencies of Java have many responsibilities, which, in the Outer Islands, are still in the hands of Netherlands officials. The system of Regencies in which administration is nominally in the hands of native hereditary Regents, assisted by a Dutch Resident and his assistant,

Administrative Divisions

(1) For a full description of the administration to-day see Professor J. J. Schrieke in *Bulletin of the Colonial Institute of Amsterdam*, May and August, 1939, from which much of the information given below is derived.

(2) The word Java for statistical and other purposes is often substituted in the following pages for Java and Madura.

the *Contrôleur*, dates from the time of East India Company rule, but it has been much modified at different periods. Under Company rule the main function of the Resident was to ensure the collection of produce. In more recent times he was charged with securing the welfare of the inhabitants and in exercising "gentle pressure" to secure efficiency in administration. The Regent has under him a native civil service. It is difficult to define the position to-day, but it is safe to say that the supervision exercised by the Resident is very close; the functions of the Resident and his staff appear to be rather more limited than they were, because many duties which once devolved on them are now carried out by officers of special departments concerned with agriculture, public health, labour, etc.

Native States The ultimate unit in Javanese life is the *desa* or village community, in which local affairs are conducted under a council of elders and a village chief, but modern conditions have resulted in much interference in village affairs by officials of the various services, and many traditional village customs are disappearing. During the brief British occupation of 1811-16, Raffles reinstated the village authority which had been eclipsed by the powers of the Regency under the rule of the Dutch East India Company, and that part of his policy survived subsequent changes in administration. In the Outer Islands the area of the village community is often larger, but efforts are being made to extend the principle of local responsibility.

Finally, there are important Native States, covering large areas, which have a certain autonomy within the Province or the Government. Originally there were a large number of independent principalities. They have been brought within the general system on differing bases. There are four principalities in Java and Madura, and in the Outer Islands the Native States cover about 60 per cent of the total area. In the last forty years some 253 native princes outside Java and Madura have transferred part of their powers to the Government by what is known as the Short Declaration,¹ and the limits of their authority are laid down in the Native States Regulations of 1938. In Java the Susuhunan of Solo, the Sultan of Jogjakarta, and, in the Outer Islands, thirteen native princes are, however, in treaty relations with the Dutch Government, the rights of both Parties being clearly defined. But at the accession of a new ruler the treaty is revised, and the Governor-General may under certain circumstances intervene. Two of the Javanese Rajahs have a status midway between these two

(1) The Short Declaration was first adopted in 1898 on the suggestion of the famous Moslem Scholar, Snouck Hurgronje. Under it the native ruler admitted Dutch rule, undertook not to have relations with foreign Powers and to comply with laws and regulations imposed by the Dutch Government.

classes of princes. The States have their own finances and a large measure of autonomy. The degree of guidance and intervention by the Central Executive or by local Governors and Residents depends on the degree of advancement in individual States.

The demand for self-government in general is much stronger in the highly civilized districts in the west than in the eastern half of the Archipelago, where the Native States in rural areas are more important. A beginning was made with local municipal institutions in 1903, and is now being steadily extended. The intention is to provide the provinces of Java and important group communities in the Outer Islands, such as the Menangkabau in Sumatra, the Bandjar in Borneo, and others with Municipal Councils and Regency Councils, mainly elected by a limited franchise, but with some nominated members. Their powers and functions are being steadily increased.

*Municipal
Institutions*

Finally, Netherlands India has its parliament, the Volksraad, which met for the first time in 1918. The Volksraad, reconstituted under the Constitution of 1925, represents the Netherlands (including the children of mixed marriages where the father is a Netherlander), twenty-five representatives; Netherlands subjects of native origin, thirty representatives; and Netherlands subjects of foreign origin (persons of foreign origin born in the Indies), five representatives. Of these seats fifteen, twenty, and three respectively are filled by election, the others by nomination of the Governor-General. The franchise is on a rather complicated basis. In the twelve electoral areas for natives the electors are members of the various municipal and other councils, who may in some cases be themselves nominated persons; in the electoral area for the more important native States the representative is appointed by the four native rulers and the senior of the two Governors concerned.

*The
Volksraad*

The Volksraad is an advisory body, but on certain subjects, including the key question of finance, the Governor must act in agreement with the Volksraad; it has power to amend Government bills and to initiate legislation. The annual and supplementary budgets can only be issued by the Government after they have been accepted by the Volksraad and agreed by the Home Parliament. Of the two annual sessions of the Volksraad one is devoted entirely to the Budget. Between sessions a "college" or committee of the Volksraad, chosen by that body, is empowered to act for it. In case of deadlock between the Volksraad and the Governor-General the Home Government would act as Arbiter.

In spite of the very narrow basis of the franchise the Volksraad has proved to be very critical of the Administration, and officials who are

members feel themselves free to speak their mind on all questions, without fear of prejudice to their official careers on that account. But it is not, with its present constitution, an organ of responsible government, as departmental heads are in no way responsible to it.

*Demand for
Home Rule*

There is, as we have seen, a certain degree of local self-government in the Indies, and it is sometimes argued that this development is more important than that of quasi-parliamentary government at the centre, as experience in local government is the best possible training for further and more extended responsibilities. Municipal government in the cities is, however, mainly in the hands of Europeans, and in the Regencies and the villages local institutions are still subject to close supervision by Dutch officials. This supervision has no doubt been necessary in the interests of efficiency, but it has probably delayed the development of native initiative necessary if full responsibility is to be achieved. Simultaneously with the development of local institutions the Dutch have extended the educational facilities necessary to provide competent personnel for local and central administration. The country has not been exempt from the difficulties occurring in every colonial country with the growth of a native intelligentsia, and, although vast areas of the Archipelago are still inhabited by primitive peoples, a demand has grown up for a much more rapid progress towards self-government in a wider sense, for Home Rule and even independence.

*Outside
Influences on
the Indo-
nesian Popu-
lation*

Indonesian society cannot be isolated from the influences of the West, still less from the development of nationalism in Oriental countries, which may be said to date from the victory of Japan over Russia in the war of 1904-5. There has been some infiltration of Communist ideas from Europe, checked as far as possible by the Dutch administration; and the German residents in the islands may be the carriers of authoritarian ideas. More important for the population as a whole are the influences radiated from the Middle and Far East. Regular contact is maintained with the Moslem Middle East by the pilgrimages made by thousands of Indonesians every year to Mecca; Netherlands India maintains an Indonesian administrative officer at Jedda for the assistance of pilgrims. Added to this contact is Arab literature, secular and religious, current throughout the Moslem world, and the fact that many Indonesians study at Cairo and at Mecca. The presence of a large Chinese population creates close interest in China's struggle to maintain her independence. Again the progress of self-government in India and the constitutional struggle is watched with the keenest interest, because there are many parallels between Indian and Indo-

nesian problems. In summing up these very varied influences Baron van Asbeck¹ writes:

"It is clear that every great oriental problem that moves the present-day world directly or indirectly affects one or more of the population groups of the Indies. Situated as it is between the Western and Eastern parts of 'the Orient' and linked with both by virtue of the remarkable composition of its populations, the Indies feels the movements in the East as not many other countries do."

It is possible that the Japanese slogan of "Asia for the Asiatics" might have inclined Indonesians to look to Japan as a leader, had it not been for the widespread knowledge of the sufferings of China at the hands of the Japanese armies. This knowledge has had its effects in modifying extreme Nationalist propaganda and in bringing recognition of the value of Dutch protection and good Dutch government. The loyalty of the people as a whole in the present war may also be partly due to the Moslem attitude in the Middle East to the Axis, of which Japan has become a member.

A few words may be said on the history of this movement for independence which has found support in many strata of society in the Indies. "Although," writes Dr Furnivall,² "it has always been a Dutch tradition to assimilate Indo-Europeans with Europeans of pure blood, there is in fact a cleavage of interest between permanent residents (*blijvers*) and temporary residents (*trekkers*), and in some matters the *blijvers* stand closer to Natives than the *trekkers*." An Indo³ journalist, Douwes Dekker, a great-nephew of "Multatuli," the author who exposed the evils of the culture system in *Max Havelaar* (1860), demanded in 1912 "India for us, the *blijvers*, domiciled Europeans, Indos, and Indonesians, who have the primal right of birth." He founded the "Indian Party" with members of all these groups, aiming at independence. The Party was broken up, most of the Indo members joining a non-political association, *Insulinde*, but in 1923 Dekker, who had been banished to Holland, returned⁴ and founded the National India Party. Dr Furnivall points out (*op. cit.* p. 247) that great importance attaches to the character of the European element in the Indies, which is quite different from that in British India, where the relatively smaller European population is of one class, dominated by the public school tradition, whereas in Netherlands India European officials fill not only the higher but also the lower ranks of the services, and many of them bring their trade union and political associations with them.

A Javanese Moslem Society with a large membership, *Sarikat Islam*, founded before 1914 mainly for economic defence against Chinese

Movement
for
Independence

(1) *The Netherlands Indies, Foreign Relations*, already cited.

(2) *Netherlands India: A Study of Plural Economy*, p. 244.

(3) i.e. a Dutchman born in the Indies.

(4) Dekker was arrested in January 1941 for reasons of national defence.

exploitation of Javanese workers, summoned a National Congress in 1916 with the declared objective of "raising native society to a nation." A more moderate Nationalist society, *Boedi Oetomo*, formed in 1908, also had many followers, drawn mainly from aristocratic and intellectual elements of Javanese societies. The extremist section of *Sarikat Islam* broke away from the parent body, and in the years 1923 to 1926 there were many organized strikes and some violent outbreaks of a revolutionary character.

In the 'thirties new parties were formed, and those parties which were based on the association of all races for the common welfare collapsed. Political parties were organized more and more on racial and religious lines. Europeans founded a *Vaderlandsche Klub*, from which some broke off to create a Fascist group. At the other extreme the Communist movement gathered strength.

The practical degree of independent action necessarily conferred on the Governor-General after the occupation of Holland by the Germans gives some actuality to the demand for Home Rule, and favours the eventual establishment of a degree of autonomy which is confidently expected after the war.

Autonomy, however, does not necessarily mean the creation of a democratic form of government which would meet the aspirations of Javanese Nationalists. The present Dutch bureaucracy appears to be essential for some time to come, and mere independence of control from the Netherlands Government in Europe would not solve the problems to be faced in the change over from bureaucratic rule, however benevolent, to responsible self-government.

9. JUSTICE

A "Plural
Society"

Indonesian society has been described as a "plural society." It is so in the realm of justice where the European community is under Dutch law, while the indigenous populations are still bringing their cases before tribunals in which their own customary law, scientifically interpreted to meet modern conditions, is in force. Dutch savants have been pioneers on the subject of the application of customary law to primitive peoples, and in its gradual development to meet the changes involved as the community moves nearer to Western ideas. The general principles involved in the process were laid down in the work of the late Van Vollenhoven, whose great work, *Het Adatrecht van Nederlandsch-Indië*, provided the basis for the policy followed in Netherlands India, and has influenced policy in the British and French colonial Empires. This book and the work of Dr de Kat Angelino, *Colonial Policy*, are standard works on the application of customary law.

One of the main reasons of the difficulty of imposing European law on Oriental communities is explained by de Kat Angelino. He says:¹

"The fact that the small Eastern community does not distinguish between personal and real rights gives rise to further consideration about the difference between East and West. The East addresses itself to the concrete object of the dispute, round which it places, as it were in a circle, all the persons who are directly or indirectly interested. It then tries to do justice to all in accordance with the feelings of equity which are suggested by the circumstances . . . Western law would, therefore, quite wrongly, invest individuals with special rights, which in Eastern communities would mainly apply to the house or to the field, which are precisely things that are felt to belong to the deepest nature of tradition and to form part of a common past and of the natural order."

The system in use in Netherlands India was well described by Dr van Kan at the International Studies Conference of 1937 held in Paris. He said:

"The system which has been in force for more than a century as regards native law in the great Netherlands colony of the Far East includes the legal—I had almost said the constitutional—guarantee of the customary law. For this principle, ever since 1825, has been embodied in the law which is in some measure the fundamental or quasi-constitutional law of the country. It includes, further, the rigorous application of that great principle under which a whole juridical organization has been created or modelled in the image of old institutions which still subsist in an improved form: a whole hierarchy of tribunals either purely native or made up of native judges with a Dutch magistrate presiding as judge. There is even a tendency to replace the Dutch presiding judge by a native magistrate, now that the children of the country pursue their legal studies in Holland or in the Law Faculty at Batavia, founded in 1924."

"This respect of the native customary law is so complete and so absolute that, as concerns private law, we no longer even feel that desire for legal assimilation which, in other colonies, preoccupies the Government and the specialists. Indeed, while legal unification is applied as a general principle in the field of penal law, the native criminal law is still maintained as a special and exceptional law. As regards private law, also, the policy just mentioned has found advocates and champions in the colony itself as well as in the mother country; but it may be said now, apart from a few exceptional applications, chiefly in regard to commercial law, the system of legal assimilation of litigants of different races has been completely abandoned. We are not even convinced that the codification of native law, even a simple codification of general maxims, is desirable. It is certainly not desired for the moment."

Civil law for Europeans and those assimilated with Europeans is much the same as in the Netherlands, and in 1919 and 1925 it was extended to most foreign orientals; civil law for natives is based mainly on native customary law, which has absorbed some elements of Moslem law. Cases of petty misdemeanours, whatever the status of the accused, may come, for summary treatment, before the ordinary police court (*landgerecht*), under a single magistrate, sometimes a civil servant, sitting with a registrar.

The European courts include the *Residentie-gerecht* presided over by a single judge, sitting with a registrar, with jurisdiction in minor civil cases; six Courts of Justice, for civil and criminal cases, three in

(1) Vol. I, pp. 75, 76.

Java and three in the Outer Provinces, to which appeal may be made from the *Residentie-gerecht* and the chief native court; and the High Court.

The chief native court is the *Landraad*, usually one for each Regency, with a bench of judges. Below is the Regency Court with native personnel, dealing with petty civil and criminal cases; and the District Court dealing with smaller offences.¹

10. EDUCATION AND PUBLIC HEALTH

Elementary Education

The large mass of the population are still illiterate, but literacy is increasing since the reorganization of the education system in 1930 to 1935. The basis of native education everywhere is the village school, where instruction is given in the vernacular, or, if teachers and text-books in the local vernacular are not available, in Malay, which is the *lingua franca* of the Archipelago. Education is given a rural tendency, but it is not, of course, vocational for the young children in the schools. After four years the child may proceed to a continuation school for two years, after which he may go on to vocational training in an agricultural practice school, a trade school, a normal school, or a hospital for training as a nurse or a medical assistant. There are 3,000 popular libraries for which books are provided from a central institute. One of these publications is a People's Almanac, 100,000 copies of which are published in three languages, Malay, Javanese, and Sundanese; it contains articles on rubber restriction, migration, hygiene, cattle breeding, and agriculture, together with light reading for children and adults. For the Chinese special schools are provided; in these schools Dutch is taught.²

Higher Education

There are a limited number of high schools and secondary schools in which the medium of instruction is Dutch, and these lead on to institutions of a university level, notably the Technical College at Bandoeng, the School of Law at Batavia, and the School of Medicine at Batavia, and the newer School of Medicine at Sourabaya. These schools provide candidates for the various civil services and professions. Special schools are provided for preparation for the native civil service, for the police, and for secretarial and accounting occupations. Indonesians desirous of obtaining full university training, have hitherto sought it in the Netherlands. But now that this is impossible,

(1) For a fuller description see Furnivall, *op. cit.* p. 297.

(2) A correspondent writes that in some parts of Java there are Chinese schools in which Chinese is taught only practically as a dead language, just as Jewish children in European schools may learn Hebrew. In Sumatra and Borneo in the "Chinese districts" there are many really Chinese schools in which instruction is given wholly in the Chinese language.

additional faculties are being included at Batavia, and Indonesian students at the university will be able to secure the same academic status as if they had attended a Dutch university. The first Batavia degree *honoris causa* was conferred on Dr H. J. van Mook on October 30, 1940.

There is a very considerable literature in Malay, and the Dutch Government have supplied a valuable stimulus through the *Balai Pustaka*, an organization which produces books in the vernacular and encourages new writers.¹ The Government provides local reading-rooms where Malay books and translations of foreign works are available.²

Medical instruction for intending native practitioners began 100 years ago on a limited scale in the Military Hospital. At first instruction was simply for training vaccinators, but by 1875 a full course of two years' preparatory work and five years' medical work was available for a small number of students at the so-called Dokter Djawa School in Batavia. In 1919 a teaching hospital on civil lines was established at Batavia, and in 1927 the new Medical College was provided with a curriculum of the same standard as medical schools in Holland. Its graduates are qualified to practise in Holland as well as in the Indies. There is also a well-equipped School of Medicine at Sourabaya dating from 1913, providing an eight years' course entitling graduates to full practice in the Indies. Medical Instruction

The work of these fully-qualified physicians is supplemented by trained assistants, nurses, orderlies, laboratory assistants and others, necessary not only for the treatment of sick people but for preventive medicine, which, in a tropical country, is even more important than it is in Europe.

The development of medical care in Netherlands India owes a good deal to the Coolie Ordinances which prescribe the provision of medical aid on all large estates. It should be added that estate owners had already realized the importance of a healthy labour supply and had themselves taken action to secure better sanitary and housing conditions before the Coolie Ordinances were imposed. In the Deli district of East Sumatra, for instance, the plantations, the native States, and the municipalities all possess central hospitals with modern equipment. At Medan there is a Central Pathological Laboratory famed throughout the East. There are two special hospitals for lepers, Medical Care on Estates

(1) For a recent study see D. C. Hooykaas, *Over Maleische Literatuur* (Leyden: E. J. Brill, 1937), reviewed in *Bulletin of the Colonial Institute of Amsterdam*, May 1938.

(2) For a study of and comparison of educational systems in Pacific dependencies, including Netherlands India, see H. A. Wyndham, *Native Education* (London: Oxford University Press, 1933) in the series *Problems of Imperial Trusteeship*.

established by the Christian missions and the Salvation Army. There is a special hospital for tubercular cases at Medan, and clinics for the same purpose at many points. Co-operation between the various agencies is so good that disastrous epidemics among the plantation coolies have been avoided. Coolies are gradually being provided with family houses, instead of barracks, and great attention is devoted to local food supply. Thus the wealth produced by the plantation system has been made to serve the needs of public health.

For the general population, who depended largely on native healers, provision began to be made by missionary societies, and it is only in the last thirty years that there has been a large extension of hospital services, under State and municipal control, for the ordinary population.

*Sanitary
Organization*

The main services rendered by the State to public health are less in the provision of hospital accommodation¹ and doctors than in general sanitary improvements. This insistence on cleanliness and hygienic conditions goes back, in the towns where there are European colonies, for a hundred years. Since the serious epidemics of 1920, greater attention has been paid to sanitary conditions in native districts. Education in hygiene has been reinforced by the infliction of penalties for gross infringements of public health regulations. A strict control of water supply, village sanitation, slaughter-houses, and public markets has reduced mortality, especially from intestinal diseases. Expenditure on public health steadily increased from 11.1 million guilders in 1914 to 20.7 million in 1930; with the economies enforced in the years of depression it fell to 13.1 million in 1938. The death rate has been reduced to less than twenty per 1,000.

*Malaria
Control*

One of the most important departments of work in public health in Netherlands India, as in British Malaya, is the control of malaria. The Department of Malaria Control in the Indies has had the assistance of two Institutes of Tropical Medicine in the Netherlands, at Amsterdam and Leyden, and after many years of hard work, the decision was reached to concentrate on one particular species of anopheles mosquito, a policy which has had good results and has to some extent cleared up the particular danger areas of the fish ponds and the irrigated rice fields of northern Java. Nevertheless, malaria remains a major scourge of the population.

Towards the end of 1911 cases of bubonic plague occurred in Java and the disease began to take on epidemic proportions. There had been sporadic cases in Deli (Sumatra) in 1905, but the disease did not

(1) See *Bulletin of the Colonial Institute of Amsterdam*, December 1939, for hospital statistics.

spread. The plague began in Eastern Java, apparently brought in ships from southern China to Sourabaya, and gradually spread westwards. Between 1920 and 1927 the annual number of cases fluctuated between 8,000 and 14,000; in 1928-31 it fell to 4,000; the rate again rose to 23,000 in 1934, but by 1936 it had fallen to 6,000. Active measures were taken against the house-rat, which nested in the horizontal bamboos of the framework of the Javanese house, in the thatch and elsewhere. A great housing campaign, in which some 1½ million houses have been remodelled since 1914 to be relatively rat-proof, isolation of pneumonic plague patients, and preventive injections have reduced the danger; when the houses have been thoroughly overhauled it is hoped that preventive injections will no longer be necessary. "These measures," writes J. J. van Loghem (*Bulletin of the Colonial Institute of Amsterdam*, February 1939) "have not only saved many hundred thousand human lives by remodelling or building two million houses, but have contributed materially to the general improvement of housing conditions among the masses by enhancing the general cleanliness of the homes." On the housing question generally a correspondent writes that even thirty years ago, long before the recent housing campaign began, the impression given by Javanese villages, as compared with villages in most parts of British India, was one of great cleanliness, neat housing, and a modest prosperity. The housing problem was made easier by the climate and the abundant supply of local material for houses, but as bamboo played a large part they were not rat-proof.

*The Fight
against
Plague*

11. RURAL CREDIT AND LABOUR LEGISLATION

In Netherlands India, as in other agricultural countries, money-lending has created serious problems, mitigated to some extent by the law which prevents the alienation of native lands to foreigners. There is a certain amount of lending among the village peoples themselves, but the more serious dangers arise when the cultivators have recourse to Chinese or other foreign moneylenders. To obviate these difficulties three forms of popular credit have been developed by the Government.

The first of these is the Government Pawnshops Service, which in the more advanced areas maintains some 500 shops which have a legal monopoly of the right to lend sums up to 100 guilders against the security of movable goods; this is a useful institution for a population who traditionally keep much of their wealth in the form of jewelry,

*State
Pawnshops*

gold coins, ornaments, etc. The rate of interest is high, and the proceeds of the service form an item on the revenue side of the Budget.

*Rural Credit
Banks*

The second is the establishment of rural credit banks. Of these banks the *desa lumbungs* or village granaries, lend *paddy* (rice in the ear) to be repaid in kind at harvest time, while the *desa* banks make small money advances, usually repayable in ten weekly instalments. Efforts have been made to incorporate the co-operative principle in these institutions, but so far without much success. They are village institutions under the direction of the village headman, assisted by the village writer and by representatives of the borrowers. The money advances are at present usually not more than five or six guilders, and are made largely to small traders and craftsmen.

The third, for the lending of larger sums, was originally organized in the form of Divisional and Regency credit institutions mainly in Java, under the direction of Dutch and native government officials, but these were merged in 1934 into the *Algemeene Volkscredietbank* (General Bank for Popular Credit), and now only act as branch offices. The average loan is stated to be fifty-three guilders in Java and in the Outer Islands 134 guilders. The bank supervises the operations of the *desa lumbungs* and *desa* banks, and encourages the formation of co-operative societies.

In summing up the work of these various bodies Dr Th. Fruin¹ says:

"Of recent years the General Bank for Popular Credit has instituted a systematic effort in several districts by which it is buying up the cultivators' private debts, which became very heavy during the depression, and making them redeem these in a number of instalments in the course of some years, during which period the debtor in question receives a small annual advance from the village bank or *lumbung*. In such cases the government, the local civil service authorities and the villages all help in various ways, and sometimes collaboration is sought with the co-operative societies. Such large-scale efforts to relieve debt are by no means without attendant difficulties. What the results thereof will be—particularly the lasting results—time alone can show."

*Co-operative
Societies*

A certain amount of rural credit is provided by co-operative societies. There are some societies which reject all governmental supervision and advice, but they are of no great importance. The regular co-operative societies conform to the Native Co-operative Societies' Regulation, which provides rules of incorporation, registration, and—if necessary—dissolution, and for a certain amount of government assistance and advice. In 1935 there were 300 such societies, most of them credit societies, but in recent years there has been a considerable development of producers' and marketing societies.²

(1) "Popular and Rural Credit in the Netherlands Indies," in *Bulletin of Colonial Institute of Amsterdam*, February 1938.

(2) R.I.I.A. Study Group Report, *The Colonial Problem*, pp. 213-4 (London: Oxford University Press, 1937).

Although the basis of life throughout Netherlands India is peasant farming, a large demand for labour has existed ever since cultivation began, and it is now very considerable. It was met for a long time by indentured labour, i.e., by the engagement of coolies, mainly from Java and China, under contracts enforceable by penal sanctions; that is to say, labourers were liable to arrest and punishment if they broke the contract or left their work. The system of recruitment and of contract was severely criticized. Some free labour ordinances were issued as early as 1911. In that year the tobacco estates, partly from deference to opinion in the United States, the best customer for the product, abandoned the indenture system. Dutch public opinion also was largely responsible for the decision gradually to abolish the indenture system for all other enterprises which had to rely on imported labour. The recruitment of Chinese coolies for estates in the East Coast of Sumatra was considerable from 1888 onwards, but it ceased entirely in 1934. As early as 1904 the Labour Inspectorate was formed to prevent abuse in the estates of East Sumatra, and new legislation has been enacted in the last ten years regulating strictly methods of recruitment, terms of contract, and conditions of employment (rations, housing, medical care, etc.).

Penal sanctions will be completely abolished within a year or two. By 1938 only 18,762 labourers were employed under contract, a very small part of the total.¹ In October 1939 an ordinance was issued requiring the abolition of penal sanctions in all contracts of re-engagement, the reduction to two years of contracts including such sanctions, and the restriction of the system to agricultural and industrial undertakings. Planters in the Outer Islands could in future only obtain Javanese labour under free contracts, and recruitment was strictly supervised. Professional recruiting was abolished in 1930, and for many years free recruitment for the East Sumatra estates has been in the hands of a single organization representing the authorities at Batavia and Deli, and similar arrangements are made for other districts in the Outer Islands requiring labour. The disappearance of contract labour is not regretted by enlightened estate owners. Mr Harold Butler reports² that "it has been found in the Netherlands Indies, as in Ceylon and Malaya, that estate work can be performed as well, if not better, by free labour, provided that reasonable conditions of employment and remuneration are provided." The only doubt

*Indentured
Labour*

*Abolition of
Penal
Sanctions*

(1) A full account of the Coolie Ordinances up to 1937 is given in *Industrial and Labour Information*, pp. 30-33. Geneva, International Labour Office, January 4, 1937.

(2) *Problems of Industry in the East*, p. 57.

expressed appears to have been in connection with work for jungle clearance.

No Javanese can be recruited for service in foreign countries, with certain exceptions (under carefully regulated conditions) for Malaya, British Borneo, New Caledonia, and Cochin China, which had regularly taken Javanese labour in the past.

*Planters'
Regulations*

A code of Planters' Regulations for the treatment of coolies employed was put into force in 1931 and has been amended from time to time. The regulations have been framed with the idea of building up a local independent labour supply in sparsely-populated estate areas. For example, in East Sumatra, where there are many estates, the Coolie Ordinance, 1931, provides that employers must give married contract workers who have been in their service for five years a family dwelling and a garden. At that time some 40,000 families had already been settled in this way. The code also includes regulations on rations, free days, leave, housing accommodation, medical services, etc. Long before the Ordinance of 1931 there had been some regulation; indeed, the provision of medical care on the estates may be said to have been the nursery ground of the Indonesian public health services. The cost to the estates of these services, cheap food, housing, and medical services is estimated at an amount equivalent to about 14 per cent of the wage bill. A large part of the expenditure on health service may be said to be recouped, as labour costs have been thereby reduced. Legally, the same amount of protection is not available for free estate workers, but in practice the conditions of labour for free workers approximate very closely to those enforced for contract labour.

In Java there is no such regulation as for labour recruited for the Outer Islands, possibly because many of the workers are seasonal, working on the estates in slack intervals in their own farm work. Wages fell to very low levels during the Depression, but they increased before 1937. There is a Java Labour Inspection Service, but the number of inspectors is small, and they work rather by suggestion than by enforcement.

*Coolies
Employed*

The 1936 Ordinance on the recruiting of coolies came into effect on November 1, 1936. Since that date the figures of departures and returns include free as well as contract coolies. The considerable number of returns suggests a problem of employment for returned labour in periods when there is a slump in labour demand. Family ties are strong, and presumably the labourers can return to their village. The Javanese village on the whole, with its large degree of local self-sufficiency in essential foods showed a remarkable elasticity in the bad years of the early 'thirties. Dr J. H. Boeke, writing in *Pacific Affairs* for March

TABLE VI (a)

NUMBER OF COOLIES EMPLOYED IN THE OUTER ISLANDS ON
DECEMBER 31, 1938

	Chinese	Javanese		Total ¹
		Men	Women	
SUMATRA				
Contract Labour	7,752	7,733	3,219	18,704
Free Coolies ..	17,400	177,857	96,826	299,753
BORNEO				
Contract Labour	—	58	—	58
Free Coolies ..	915	7,638	1,248	13,924
TOTAL				
Contract Labour	7,752	7,791	3,219	18,762
Free Coolies ..	18,315	185,495	98,074	313,677

(1) Including other nationalities than Chinese and Javanese.

TABLE VI (b)

LABOURERS FROM JAVA DEPARTED FOR AND RETURNED FROM
THE OUTER ISLANDS

	Departures	Returns
1938	23,334	11,755
1937	65,750	10,392

1934, said the economic havoc wrought by the fall of prices in Netherlands India at that time had produced a stream of labourers going back to their birth-place, the Javanese village. "For a time the Government feared that this stream of unemployed would flood the areas involved; but although the districts they returned to were already the most densely populated and the poorest, the villages absorbed the influx without any signs of congestion."

Forced labour for local purposes has always been part of the village system in Java. These labour dues are gradually falling into abeyance in Java, to be superseded by money payments, but in the Outer Islands, where money plays a smaller part and barter transactions are still widespread, the natives are often required by the village chief to give so many days labour for communal purposes, especially for sanitary and watch tasks and for road maintenance. Money commutation for these services is increasing everywhere. The *Heerendiensten*, forced labour requirements exacted by the Central Government, have been abolished.

Control exercised over industrial labour in Java is complicated by the fact that a large proportion of industrial work is done in small workshops, in which it is almost impossible to enforce sanitary conditions or a reasonable wage, especially in a country where the pressure of population is as great as it is in Java. Certain international conventions on labour conditions have already been accepted, with some reservations, however, for larger workshops. These include Conventions relating to the employment of women on night work and of children

under twelve. The reservations with regard to these Conventions are gradually being reduced. Other international Conventions accepted are those relating to the age of admission to employment at sea, the employment of young people as trimmers or stokers, and the medical examination of young people at sea. Conditions of labour in the tin mines, mainly Chinese, are regulated by Ordinances of 1927 and 1932. Safety in workshops is secured by regulations issued in 1910 covering boilers, steam-engines, electrical installations, and all factories in which dangerous work takes place.

12. INTERNAL TRANSPORT

Railways

The Javanese rivers are not very useful as waterways, owing to the rapid fall in their courses. As early as the 'seventies of the last century it was found necessary to supplement buffalo transport by railways. The system adopted was devised mainly to provide for transport of sugar and other products of the interior to ports of export on the northern coast, of which the most important are Batavia, Cheribon, Semarang, Sourabaya, Probolinggo, and Banyuwangi. There is, however, a complete network linking up all the important places and crossing the mountain backbone of Java. The distance (850 km.) between the capital Batavia and the important naval and commercial port of Sourabaya is now covered in 11½ hours; there is excellent sleeping accommodation. The prosperity of the railways depends mainly on the state of the export trade, and the Government-owned railways (there are some privately-owned lines) have never recovered the prosperity of 1929. The volume of business was at its lowest in 1935, and even in 1937 it had only reached 66.4 per cent of the level in 1929. In 1936 the Government railways employed 103 higher officials, 1,675 lower officials, mainly Europeans, and 26,887 natives.

In Sumatra the Deli Railway Company serves the most important producing areas on the East Coast, notably the tobacco industry. The railways of the West Coast, serving the coalfields on the Ombilin River, and those in southern Sumatra opening up parts of the Residencies of Palembang, Lampong, and Benkuelen, are Government-owned.¹ Outside Java and Sumatra there are no railways except for a short length of line between Macassar and Tekalar in Celebes.

Roads

Both Java and Sumatra have excellent modern road systems. Practically all Javanese towns have a good road service. The Great Post Road in Java, traversing the island from east to west, dates from 1808; it was initiated by the great Governor-General Daendels, and it still

(1) For a full account of the railway systems see J. F. F. Götze in *Bulletin of the Colonial Institute of Amsterdam*, August, 1939.

forms the main artery of the Javanese road system. In the present century Java has been provided with a network of motor-roads which make most Javanese centres of any importance accessible by car. In Sumatra there are good coastal roads on the east and the west, and there is a good road across the island, from Padang to Medan, though they are liable to obstruction by landslides in rainy weather. The road systems in north and south Sumatra are now linked by a central road 1,056 miles long, traversing the island from north to south. Celebes has some good roads around Macassar, and others in the north around Menado. Borneo has few roads, but good navigable rivers. In the other islands a beginning is being made with good road communications. A recent statement¹ puts the statutory road mileage in the whole Archipelago at 44,000 miles, of which 32,000 are of the macadam or gravel type. Of the total statutory mileage, 17,000 miles are in Java and Madura, 15,800 in Sumatra, 2,200 in Borneo, 5,000 in Celebes, and the remainder in the other islands.

Inter-island services are good. The Koninklijke Paketvaart Maatschappij (K.P.M.) maintains excellent services for passengers and goods with a fleet of 128 boats, and there are now regular air services between the principal centres.² The K.P.M. maintains an excellent service throughout the islands and is under contractual obligation to the Government to maintain several lines for the purpose of transportation of Government passengers and mail, which would in normal circumstances be commercially unremunerative.

The Royal Netherlands Indies' Airways Ltd (K.N.I.L.M.) carried *Airways* during 1939 21,075 passengers as against 20,972 passengers in 1938. This number includes 1,420 passengers carried to and from Australia.

During 1939 freight and air mail amounted to 253,119 lbs and 134,599 lbs, an increase of respectively 14 per cent and 13 per cent as compared with 1938. The K.N.I.L.M. maintains a regular service connecting the principal cities in Java and Sumatra, as well as lines running up from Sourabaya to the oil ports of Balikpapan and Tarakan on the east coast of Borneo, and flies regular routes between Java and Macassar, north Celebes, and New Guinea.

13. FINANCE

The Netherlands India guilder or florin was devalued in September 1936 by about 20 per cent. In August of that year the guilder exchange was 7.35 to the pound sterling; in December 8.99, and the average in 1937 was about 8.90. Opinion in the Indies had long de-

(1) *Trade and Engineering (The Times)*, December 1940.

(2) For communications with the outside world see below p. 76.

manded the change, and there is no doubt that devaluation at a favourable moment cleared the way for complete recovery from the Depression. Its effects were seen in the increased yield from taxes, an improved budgetary position, rising export trade, and greater profits.

On the eve of the invasion of Holland the exchange rate to the depreciated pound sterling was 7.60 guilders. After the cessation of Dutch armed resistance in Holland arrangements were made for keeping Netherlands India currency at the fixed rate of 7.60 guilders to the pound sterling, corresponding with a dollar rate of 1.88 guilders. To that effect a financial agreement between the United Kingdom and the Netherlands Governments has been concluded. The Foreign Exchange Regulations issued by the Netherlands India Government ensure that the proceeds of exports to the United States and some other countries outside the sterling-guilder *bloc* shall be available in dollars.¹ At the end of December 1940, an agreement between the Yokohama Specie Bank and the Java Bank was reached, which made direct exchange transactions between Japan and the Netherlands Indies possible, with an ultimate clearing in U.S. dollars.

Under ordinary circumstances the great improvement in the general commercial and financial position in 1936-7 would have permitted a reduction of the high level of taxation imposed in the preceding lean years. But although in 1937 the revenue greatly exceeded the Estimate, there was necessarily some increase in expenditure on public works, public debt redemption, etc. which had been postponed during the years of severe retrenchment, and on readjustment of salaries and wages. Moreover, the uncertainty of the international situation necessitated large expenditure on armaments to be met from current revenue, although some grants-in-aid were made by the Home Government. By June 1941, however, it was foreseen that India might have to provide some aid to finance credits required by the Dutch Government in London. The increase in charges for defence is shown in the following Table:

TABLE VII
BUDGET ESTIMATES FOR DEFENCE
(Gross figures in millions of guilders.)

1936	..	..	76.4	1939	..	..	161.3
1937	..	..	84.9	1940	..	..	292.7
1938	..	..	138.0	1941	..	..	314.4

The following is a statement of net receipts and expenditure in both the ordinary and the extraordinary budgets (in millions of guilders):

(1) Special measures have been taken to ensure that available dollar exchange is reserved almost entirely for the purchase of war material in the United States.

TABLE VIII

EXPENDITURE AND RECEIPTS, 1938-41

Year	Ordinary Receipts	Ordinary Expendi- ture	Surplus or Deficit	Extraordinary Receipts	Extraordinary Expendi- ture	Deficit	Total Surplus or Deficit
1938 ..	376,7	374,7	+ 2	49,1	103,5	-51,4	- 52,4
1939 ..	388,1	387,8	+ 0,3	81,9	130,9	-49	- 48,7
1940 ¹ ..	393,2	411,1	-17,9	107,4	171,3	-63,9	- 81,8
1941 ² ..	379,6	424,2	-44,6	129,4	220	-90,6	-135,2

(1) Revised estimate.

(2) Estimate.

Part of the expenditure on the Defence Services (Army, Navy, and Air Force) is put on the extraordinary budget and paid out of special taxes. In the estimates for 1940 about 40 per cent of gross expenditure was spent on these services while on the ordinary budget they accounted for only 29 per cent of net expenditure. Debt charges required nearly 10 per cent and pensions 13 per cent, leaving 48 per cent for the other services, i.e. civil administration, judicial organization, police, education, public health, etc. It has to be borne in mind that only part of the funds for education, public health, public works, and other social welfare services are provided for by the budget of the Central Government, leaving the other part to the care of the provinces and other local bodies.

Ordinary revenue in 1940 consisted of: taxes 327 million, Government enterprises 37 million, miscellaneous 29 million guilders. The main items in taxation are in the following order of magnitude (in millions of guilders): excise duties on spirits, beer, petrol, matches, tobacco, and sugar 69; import duties 55; company tax 45.8; income tax 42.1; export duties 29.8; tax on wages 26; land taxes 21.8.

In addition to these taxes special taxes and surtaxes are levied to meet the heavy charges incurred for the defence services. The proceeds of these additional taxes, estimated at 63 millions, belong to the revenue of the extraordinary budget.

State enterprises—salt, opium, forests, ports, railways, etc.—showed a favourable balance of 21.8 million guilders. Other enterprises providing considerable revenues are the State cinchona and tea plantations, the Banka and Billiton tin mines, and the State coal mines at Oembilin and Boekit-Asam.

Public funded debt on December 31 amounted to 1½ milliard guilders.

14. DEFENCE

A small army is maintained in Netherlands India, staffed by Euro-*Army* pean commissioned officers, with a certain number of European

non-commissioned officers. The battalions are mixed and include some purely European companies. Netherlanders and Eurasians in the country are liable to compulsory service. The Army, which has been brought up to a strength of about 100,000, has to protect the country from internal disorder, and to meet any possible landings. The Government stated on November 19, 1940, that progress was being made with mechanization of the Army, insofar as the material could be obtained from the United States and elsewhere. Important points of defence on land are the naval bases of Sourabaya and of Amboyna. Guard must also be kept on the oilfields of Borneo and Sumatra. The important oil wells of Tarakan and the oil port of Balikpapan, relatively vulnerable from the Celebes Sea, are strongly defended. In addition to the Regular Army, Java has now been provided with local defence forces—a "Home Guard", composed partly of ex-servicemen—and these are to be armed for the performance of their duties.

*Navy and
Air Force*

But the main task of defence, in view of the insular formation of the country, necessarily falls on the Navy. In September 1939, the Royal Navy in Netherlands India consisted of: 1 coast defence ship; 3 light cruisers of about 6,000 tons; 8 destroyers; a number of submarines; and auxiliary craft.¹

The cruisers and most of the destroyers and submarines are combined in a Netherlands India Squadron; most of the other units are attached to the naval base forces. The Colonial Navy consisted before the war of 17 smaller ships and small local craft. It has been largely increased recently, especially by torpedo-boats built at Sourabaya.² Three minelayers ordered in November 1940 are to be built in local yards; they are expected to be completed in 1942.

Reinforcements for the Netherlands India Squadron of the Royal Dutch Navy were under construction in 1939, including an additional cruiser, 4 destroyers, and 4 submarines, and before Holland was invaded in 1940 estimates had been agreed for the construction of 2 first-line ships. The Naval Air Squadron consists of 72 seaplanes, and 18 smaller aircraft carried by the ships.

The main naval base, at Sourabaya, is being enlarged and fitted to take capital ships. A Naval Institute was inaugurated here in the summer of 1940, where a beginning has been made with training native Indonesians for the naval service.

In 1939, 24 bombing aeroplanes were under construction. The

(1) Unofficial sources (San Francisco message to the *Observer*, September 1, 1940) place the strength of naval defences of Netherlands India at: 1 battleship, 3 cruisers, 8 destroyers, 18 submarines, and 42 torpedo boats.

(2) For repair and building facilities for the Navy and Air Force see p. 67 below.

Army Air Force is said to include Glenn Martin and Lockheed bombers, and 100 German Dorniers. The Navy was provided with Fokkers. Large orders for aeroplanes have been placed in the United States. The Batavia correspondent of *The Times* (January 16, 1941) said that it was expected that the Air Forces of the Army and Navy would be nearly quadrupled by the end of 1941. Among the machines bought from the United States after the invasion of the Netherlands were Voight-Sikorsky aeroplanes and Consolidated flying boats. The internal programme includes the training of pilots, and of ground and air crews, and the extension of the chain of air bases, especially in the Outer Islands. There are already about 100 landing grounds and flying-boat bases in the Indies, with refuelling stations often inaccessible by land, supplies being carried by air. Many of the natives accepted for training for the Air Force are proving to be excellent pilots and craftsmen. In September 1940 it was announced that a group of American instructors were going to Batavia to assist in training personnel. The headquarters of the Army Air Force is at Bandoeng. Australian journalists who visited the various aerodromes of Netherlands India in October 1940 were much impressed by the excellent arrangements for repairs and for defence.

Although forces of this kind could not compete with the navy and air forces of a first-class naval Power, they are far from negligible in narrow waters for defence purposes. Moreover, they have probably been substantially increased in recent months, though no public information on the subject is available. It may be perhaps added that the Netherlands East Indies have a Spitfire Fund, which has not only presented several machines to the British Government, but continues to contribute large amounts to the Prins Bernhard Fund for the purposes of equipping the Netherlands Fighting Forces with bombers, motor torpedo-boats, etc.

The first-fruits of the participation of the Netherlands Indies in the Delhi Conference¹ were reported from Melbourne on January 8, 1940. It was stated that the Government were seeking to place orders in Australia for tools for the manufacture of arms and that it was desired to obtain licences in the Indies for Australian patterns. Later on Australia would be asked to provide steel for the building of strategic railways. In the last two months of 1940 considerable purchases of Australian machinery had been made, and it was stated that purchases of material up to £A1,000,000 could be taken in the year if Australia could supply them.²

Delhi
Conference

(1) A Netherlands India representative was present as an observer at the Conference.

(2) For budget expenditure on defence see p. 42 above.

CHAPTER II. NETHERLANDS INDIA: AGRICULTURAL AND MINERAL PRODUCTION

1. LAND SETTLEMENT

WHEN the Dutch first arrived in the Archipelago in the seventeenth century they left agriculture in the hands of the natives, and for a long time the Dutchmen were simply merchants and factors buying the products for export. As soon as the Dutch East India Company obtained a monopoly of trade and colonization in the seventeenth century, they established sugar mills under Chinese management in Java, and they sold large areas of land to private persons, who were able to claim in these areas a part of the crops produced by the peasants. The Company was dissolved in 1798, and during the brief British occupation during the Napoleonic Wars, and afterwards under successive Dutch governors, many changes were made, and strong pressure was put on the natives to produce for export. During the brief British occupation of 1811-16 Raffles sought to introduce the system of peasant proprietorship prevailing in British India, using the village headman as his agent. In doing this he was following a policy already advocated by Dirk van Hogendorp, the Dutch protagonist of a colonial administration on liberal lines. The machinery at the disposal of Raffles was insufficient, and the peasants he established fell in many cases into the hands of Chinese money-lenders. The system, with many other of Raffles's "reforms," did not long survive the British administration, but the tradition of a liberal policy on the lines of van Hogendorp's proposals and the Raffles experiments survived, and bore fruit in the last decades of the century.

The "Culture System"

The famous "culture system" was formally inaugurated in 1830 by Governor-General van den Bosch. Under this scheme native cultivators were exempted from the ground-tax, but they were compelled to devote one-fifth of their land to crops indicated by the Administration, and to hand over the yield in lieu of taxes. Under van den Bosch himself the scheme does not seem to have worked too badly but, involving as it did a combination of the *métayer* and the forced labour system, it was liable to great abuses, which increased until the Home Government took action in 1854, when the whole colonial system was overhauled. The Regulations for the Government of Netherlands India promulgated in that year mitigated the despotic character of the administration and paved the way for the progressive reduction of servitudes of all kinds, including the culture system.

Reforms from 1830 onwards

Extensive agrarian reform was delayed until 1870. By that time compulsory cultivation of pepper, cochineal, and indigo for the Govern-

ment had already ceased, and the then Minister of the Colonies, De Waal, restricted the area from 1878 onwards of the sugar plantations, at that time cultivated by forced labour, and provided for its abolition by 1890. Natives were enabled to establish proprietary rights over the land they cultivated and, at the same time, the leasing, but not the sale, of Crown lands to Europeans was legalized.

The De Waal agrarian reforms prepared the way for the steady development of native agriculture which has gone on ever since. The peasant was not only protected against economically stronger groups by the prohibition of the expropriation of his land, but assistance was provided for the sale of the product. In the last thirty years great advances have been made through the provision of technical advice and instruction, and more recently by the organized provision of credit. Native ownership of land is in many cases hereditary and individual, but part of the land is the common property of the village. Detailed statistical information on native farming is forthcoming for Java and Madura, but not so far for the Outer Islands. In Java the difficulty consists mainly in the insufficiency of the tiny holdings; in the Outer Islands there is no such congestion, but in some of the islands in the "Great East," systems are exceedingly primitive, and the practice of burning the forest before crops are sown and the necessity for long fallows or even migration to a fresh district are wasteful methods of exploitation.

Simultaneously a sound foundation was laid for estate agriculture, which did not encroach on native-tilled land, but was mainly established on hitherto unused Crown lands, obtained on long lease from the Government. The estates, in the case of some annual cultures, e.g. sugar and tobacco, often hire native land (hire is permissible), and in fact the greater part of these two plantation crops are grown on hired land. Nowadays there is little hope of obtaining new estate concessions in Java itself, as no land will be let on long lease which may be needed for the extension of native farms in the locality, and new concessions are mainly in the more thinly populated Outer Islands.

For small-scale farming as a whole Government policy is based on two principles: (1) the prevention of the rise of non-native agrarian groups, and (2) the prevention of the formation of a rural native landless proletariat.

Exceptions to (1) are for poor "Europeans," many of them of mixed but partly Dutch extraction,¹ who may rent up to 17.5 hectares of land, though the number of these farmers is still very small; and (2)

(1) For the definition of "European," see p. 21 above.

for Chinese in special areas, especially West Borneo and Banka, where there are large Chinese investments.

The second aim is being accomplished by a variety of measures described elsewhere: emigration of Javanese farmers to the Outer Islands, the provision of rural credit, etc.¹

The enormous advance made in the last twenty-five years by plantation crops in Netherlands India is partly due to the unstinted efforts of the Government and of the planters' associations in the promotion of scientific research. The fruit of this policy was strikingly exemplified in the case of sugar. Continuous research into improved types of cane brought the yield per hectare up to the phenomenal figure of 6½ tons. Technical research into the best types of *Hevea* have been almost equally important in the rubber industry, although rubber needs practically no attention after it is planted and the natives achieve almost as good results from their happy-go-lucky methods as the plantations upon which every scientific care has been lavished. Scientific methods applied to palm-oil production gave satisfactory results; the Netherlands India product proved a very serious competitor to the West African product. Although suitable soil and weather conditions are the main cause of Dutch pre-eminence in cinchona-growing, in the rapid development of the tea and coffee industries science again accounts for a great part of the success.

2. NATIVE FARMING AND NATIVE FOOD SUPPLIES

*Agriculture
the Main
Industry*

Netherlands India depends mainly on agricultural production, which occupies some 70 per cent of the adult male population. The main part of this production is necessarily for local food supply, but for some agricultural and forest products she stands among the world's largest exporters. She is one of the two largest world exporters of copra, and in 1938 her net exports accounted for a third of world exports; the Philippines accounted for another third. She is also the world's second largest producer of palm-oil, and in 1938 provided over a quarter of world supplies. After China, India, and Ceylon, she is the largest producer of tea, and her exports of rubber, for which, after Malaya, she is the principal world producer, accounted in 1938 for a third of world exports. In quinine she practically meets the whole of world demand, and she is a foremost producer of kapok and of pepper.

It may be pointed out that this great variety in production puts the

(1) On the question of the condition and encouragement of native farming see a long statement on conditions in Java by Dr B. Smits in the report on *Extension intensive et rationnelle des cultures indigènes*, Brussels, International Colonial Institute, 1929, pp. 513-560.

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P. 49, line 20. For "western Java" read "Mid Java".

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country in a better position to withstand sudden changes in the world market than colonial countries in which export crops are of one or two commodities only. When the sugar market failed the area under cane could be put under crops for which there was still a market, and so on. A fall in the price of one or two products is a serious matter, but not catastrophic as is the case in colonies with no alternative export crops.

In Java and Madura the volcanic soil is of amazing richness and fertility, the climate is equable, and there is a dense population; in the Outer Islands the population, though it has been increasing rapidly in recent years, is still sparse, and there are large tracts of cultivable land only very thinly populated. While the two islands of Java and Madura account for only 7 per cent of the total area of the Netherlands East Indies, they are inhabited by some two-thirds of the total population. In these two islands, therefore, the problem of provision for a dense population is the primary one, and the solution is found to a large extent in rice production. A glance at a population map of the world shows that, except for a few industrialized areas in western Europe and

*Conditions
in Java and
Madura*

New York State, dense populations of over 500 per square mile mainly in rice-producing areas—the valley of the Ganges, certain districts of China and Japan, and western Java are examples. Rice supports more persons to the acre than any other crop. Even so Java has to import substantial quantities of rice to feed her population. In eastern Java other staple food crops are maize, cassava, sweet potatoes, beans, and nuts. The greater part of the energy of the Javanese peasant is, therefore, devoted to growing food for his family and for local consumption, and these must of necessity, in view of the scarcity of land, be crops with a high yield. To quote van Gelderen, "For a dense population with little capital there is only one way to adapt its agriculture to the necessities of life, i.e. the cultivation for its own use of foodstuffs which give a high yield."¹

The surplus of agricultural production by the Javanese peasant available for export is relatively small, and the greater part of Java's agricultural exports are from estates in the highlands, where Western methods are adopted and the main function of the native is to provide labour, supply services, etc. Of total agricultural exports from Java in 1937, the value of native agricultural exports amounted to only 27 per cent, and even this percentage would have been less but for the restriction in output from the sugar estates. Nevertheless, the amount of peasant produce exported from Java is considerable in the aggregate;

*Native
Production
for export
in Java*

(1) J. van Gelderen: "Western Enterprises and the Density of the Population in the Netherlands Indies" in *The Effect of Western Influence on Native Civilizations in the Malay Archipelago*, ed. Schrieke, pp. 85–102 (Batavia: Royal Batavia Society of Arts and Sciences, 1929).

it is mainly from small patches of cassava, ground-nuts, tobacco, coconuts, kapok, and tea.

*Principal
Annual
Crops*

Of the total harvested area of native agricultural lands in Java and Madura in 1938, the production of cereals accounted for nearly 68 per cent (including rice, 45 per cent); root crops for 14 per cent; pulses for 10 per cent; and other native crops for the remainder. The following table shows the approximate production of the principal native annual crops in recent years.

TABLE IX
Production of the Principal Annual Peasant Crops in Java and Madura
(Metric tons, 000's omitted)

		<i>Irrigated Paddy¹</i>	<i>Non- Irrigated Paddy</i>	<i>Shelled Maize</i>	<i>Cassava Roots</i>	<i>Sweet Potatoes</i>	<i>Pea Nuts Shelled</i>	<i>Soya Beans Shelled</i>
1929	..	6,276	485	1,585	5,147	926	157	107
1935	..	7,226	453	1,989	6,343	1,360	144	203
1936	..	7,476	509	2,220	7,481	1,317	167	247
1937	..	7,447	442	2,037	7,637	1,182	181	269
1938	..	7,861	477	1,926	8,149	1,206	202	288

*Area in
Java farmed
by Natives*

In Java and Madura the area of all native agricultural lands, including lands leased from estates for native cultivation, amounted to 8,128,000 hectares. By far the larger part of these lands was in permanent use, being held by native right or long lease; the total amount of irrigated native land amounted to 3,368,000 hectares.

It may be pointed out that the economy of the Javanese village, based mainly on production for family use and involving a very limited use of money, stood the strain of the great fall in prices of agricultural produce in the early 'thirties very well. There was poverty, but no starvation. The Dutch policy of fostering local production for local use and the conservatism of the peasant was justified by the event.

That peasant production is mainly concentrated on crops for domestic consumption is not only due to the demand of the dense population and the fostering by the Government of a policy of self-sufficiency, but also to some extent to the native fear of commercial exploitation, engendered by the memories of the nineteenth century when the peasant was obliged under compulsion to produce certain crops; he is still suspicious that in producing for export the main proportion of profit may go into the hands of the middlemen, very largely Chinese and Arab traders.

*Native
Production
in the Outer
Islands*

In the Outer Islands the situation is quite different. With a much lower density of population on available land, the peasant has always been more independent, and the middleman has played a less im-

(1) The term "paddy" means rice in the ears, with part of the straw, as harvested. The ratio of dry "paddy" to clean rice is 100 : 50.

portant part than in Java. Crops for home consumption are the first, but rarely the only consideration, though the Dutch authorities are encouraging rice-growing—in many instances thinner crops obtained from unirrigated rice fields—to lessen the dependence on imports of rice from Java.¹ Rice is a staple food throughout the Archipelago, but in many islands of the Great East maize and sago are the basic foods. Native production for export is perhaps most important in copra, pepper, and rubber; indeed, the area of native rubber gardens in the Outer Islands in 1938 amounted to 681,187 hectares out of a total area planted to rubber of 938,891 hectares. Other export crops grown by natives are coffee, maize, tobacco, and certain spices. The percentage of agricultural exports from the Outer Islands produced by native farmers in 1937 was 57 per cent of the total, a figure presenting a striking contrast to the lower proportion in Java. In fact, the line of demarcation between estate agriculture and native agriculture in the Outer Islands is less clear than it was. Many native farmers work with a fair amount of capital and employ labour. Detailed figures of their crop produced for home consumption cannot be given. But native production is certainly increasing with the development of settlement.

The fish supply is an important element in the food of the popula- *Fisheries*
tion, for whom rice and fish are staple dishes. The most important source of supply is sea fishing; but fresh-water fish exist in some of the lakes and marshes of Borneo and Sumatra, and in Java carp and other fish are propagated in fish ponds under artificial conditions. Sea-fishing is carried out by the natives by more or less primitive and traditional, but ingenious, methods; it is on a considerable scale in the Java Sea. Japanese fishermen, who have been active in the last fifteen years, have applied new and effective methods. Nowadays every two large fishing boats going far out to sea are accompanied by a motor boat providing for sorting the catch, putting it on ice, and taking it ashore for market. In spite of the great advances made, the islands are not yet self-supporting, and large supplies of salt fish are normally imported from Singapore and elsewhere.

3. ESTATE AGRICULTURE

The area of estate agricultural lands in Java amounted in 1938 to *Area of*
1,144,000 hectares, including 132,000 hectares not permanently *Estates*
assigned but rented from natives or in rotational use in native States, and excluding 273,000 hectares of lands ceded to natives.

(1) The administration were able to report in April 1941 that the various measures taken had resulted in a very large increase of rice production in Sumatra.

In the Outer Islands the area of agricultural land on long lease for estate cultivation amounted to 581,400 hectares, of which 425,300 were on Government lands and 155,400 in native States. Of these long lease estates about one-fifth of the total area was on the East Coast of Sumatra. A much greater area in the Outer Islands was held by estates under agricultural concessions granted either by the local Dutch authority or by native States, the total area of these concessions amounting to 1,059,000 hectares. The total area of land retained for estate cultivation in the Outer Islands, including some 4,000 hectares of private lands on long lease from small agricultural holders, amounted to 1,643,000 hectares.

Some of the main products of private estates are shown in the table below relating to 1938. Total figures are given for the planted areas *in production*, separate figures being given for Java and Madura.

TABLE X
PRIVATE ESTATE AGRICULTURE, 1938
Total Netherlands India (Java and Madura shown separately)

	<i>Planted Area in Production</i> Hectares		<i>Production¹</i> Kilos (000's)	
	<i>Total</i> <i>N. India</i>	<i>Java and</i> <i>Madura</i>	<i>Total</i> <i>N. India</i>	<i>Java and</i> <i>Madura</i>
Hevea	529,413	193,621	175,078	63,606
Gutta percha	1,305	1,139	110	110
Coffee	96,110	82,946	45,579	39,697
Tea	136,965	103,826	81,329	63,027
Tobacco	42,037	28,809	40,704	26,918
Cinchona	14,985	13,536	10,955	10,276
Cocoa	5,470	5,398	1,584	1,577
Coconut (for production in copra equivalent) ..	39,241	6,165	49,454	19,060
Coca	663	661	98	98
Oil Palms	74,510	711	48,036	73
			(kernels)	
			226,668	887
			(oil)	
Nutmeg	2,387	1,293	476	194
			(nuts)	
Kapok	16,626	16,281	2,885	2,850
			(seeded kapok fibre)	
			5,187	5,120
			(seeds)	
Pepper	2,378	2,283	230	117
Gambier	1,637	—	3,289	—
Essential oil crops ..	6,424	6,404	639	638
			(citronella oil only)	

(1) Figures of production include amounts purchased by the estates from native growers, some 15 per cent for tea and tobacco and 27 per cent for copra.

The areas actually planted and their production shown in the table above exclude the very important sugar-cane estates. The total harvested area of these in 1938 amounted to 84,829 hectares and the sugar

produced to 1,375,510 metric tons. These estates have suffered since the Depression, and the production of sugar in 1938 was less than half that in 1931.

On Government estates a variety of products are grown, very similar to those on private estates.

A recent statement on investment in estate production on the East Coast of Sumatra¹ says that 54 per cent of capital invested is Dutch. Among foreign investments in the Residency, British capital ranks first, its main objects being rubber and tea. Important American interests are involved in rubber production, French and Belgian capital in rubber and palm-oil. Tobacco-growing is financed by Dutch capital, which also takes first place in tea-growing. German capital is distributed in various enterprises. In 1935 rubber accounted for 57 per cent of total capital invested, tobacco for 15, and palm-oil for 15.

Plantations in Java itself are most of them financed by Dutch capital. The main products are rubber, tea, coffee, sugar, tobacco, kapok, cinchona, sisal, copra, cantala fibre, essential oils, and cassava. In some cases two products are combined on the same estate—cinchona and tea, for example. The Java plantation industry has long been an important part of the island's economy.

In the Outer Islands, on the other hand, development is much more recent. The estates specialize mainly in rubber, oil palms, copra, tea, coffee, and tobacco. The most important is the East Coast of Sumatra region bordering on the Straits of Malacca. The process began here with the famous Deli tobacco. It was followed by coffee; *hevea* was introduced in 1907, and rubber production then made gigantic strides. Since 1911 tea, oil palms, and sisal plantations have followed. These enterprises have attracted much foreign capital. There are two important planters' associations in the east coast of Sumatra, the Deli Planters' Association connected with tobacco, and the Rubber Planters' Association, with rubber. The culture of tobacco began in the sultanate of Deli, and gradually spread southwards. The once important coffee-planting industry in the East Coast is now mainly in the hands of native growers. Rubber and palm plantations are scattered throughout the Residency, which supplies a large part of the rubber exported and nearly all the palm oil. The west coast of Sumatra has a great variety of plantations. The only other important plantations are the rubber and coco-nut plantations of Borneo. In the Great East conditions are on the whole less favourable, and development in general is much more recent. Consequently there are few plantations,

*Nationality
of Investors*

*Character
of Estate
Production*

(1) *Bulletin of the Colonial Institute of Amsterdam*, February 1939.

exceptions being some coco-nut estates and a Japanese cotton plantation in the north of New Guinea.¹

4. AGRICULTURAL AND FOREST PRODUCTION FOR EXPORT

Java and Madura account for only 7 per cent, and the Outer Islands for 93 per cent of the total area of Netherlands India, but a much greater proportion of the territory in Java is cultivated. The difference can be explained by the fact that Java, with the richest soil, has been developed over a long period, whereas development in the Outer Islands is relatively new. Moreover, large areas of the great islands of Borneo and New Guinea appear to be unsuited to estate development. In the Outer Islands information is available on estate cultivation, but not on native agriculture.

*Agricultural
Exports—
Plantation
and Native*

The following table gives figures of the value of agricultural exports over a number of years, differentiating between Java and Madura and the Outer Islands, and between estate production and native production.

TABLE XI

VALUE OF AGRICULTURAL EXPORTS FROM NETHERLANDS INDIA, 1894-1938²

	<i>Total (in millions of guilders)</i>	<i>Percentage of Java and Madura</i>	<i>Total Outer Provinces</i>	<i>Percentage of Total Plantation</i>	<i>Percentage of Total Native</i>
1894 ..	154	82	18	89	11
1913 ..	419	65	35	76	24
1928 ..	1,237	58	42	65	35
1933 ..	306	50	50	59	41
1937 ..	660	35	65	54	46
1938 ..	426	43	57	60	40

Two distinct trends are apparent up to 1938: the steady rise in the proportion of agricultural exports grown by natives, and the simultaneous rise in the proportion of total exports derived from the Outer Islands. In 1938 there was a slight reversal in both these trends. Progress in the Outer Islands has been assisted by the increase in population, and by the Government policy of transference in recent years of native farmers from densely-populated Java.

The following table shows the main products exported in 1938, distinction being made between exports originating from native-grown and estate agriculture in Java and Madura and the Outer Islands.

(1) For further description see J. O. M. Broek: "The Economic Development of the Outer Provinces of Netherlands India" in *The Geographical Review*, New York, April 1940.

(2) Cf. the *Geographical Review* already cited.

TABLE XII
EXPORTS OF PRINCIPAL AGRICULTURAL PRODUCTS IN 1938¹

Product			Weight in Metric Tons ^{2, 3}					Value in Guilders (000's omitted)
	Java and Madura		Outer Islands		Netherlands East Indies			Netherlands East Indies
	Estate Product	Native- grown Product	Estate Product	Native- grown Product	Estate Product	Native- grown Product	Total	Total
Rubber	58,751	—	91,727	146,596	150,478	146,596	297,074	130,719
Latex }	152	—	6,128	—	6,280	—	6,280	3,022
Tea	42,264	12,997	16,660	—	58,924	12,997	71,921	56,243
Sugar and molasses	1,175,292	6,777	—	1	1,175,292 ⁴	6,778	1,182,070	45,220
Coconut products, including copra	3,243	100,579	29,503	535,075	32,746	635,654	668,400	44,305
Tobacco	23,019	14,290	11,632	259	34,651	14,549	49,200	38,837
Palm oil	—	—	220,702	—	220,702	—	220,702	16,527
Palm kernels }	40	—	47,449	—	47,449	—	47,489	2,349
Coffee	22,688	—	5,882	39,765	28,570	39,765	68,335	13,465
Cinchona bark and Quinine	6,229	—	910	—	7,139	—	7,139	11,854
Tapioca products	71,585	191,965	—	—	71,585	191,965	263,550	9,199
Agava	33,495	—	56,584	—	90,079	—	90,079	9,186
Pepper	177	—	53	54,597	230	54,597	54,827	8,606
Kapok products	6,936	29,262	102	4,027	7,038	33,289	40,327	7,034
Areca nuts	—	7,595	—	55,270	—	62,865	62,865	5,996
Peanuts	—	14,772	—	6,635	—	21,407	21,407	2,150
Peanut oil }	—	10,303	—	28	—	10,331	10,331	1,991
Maize	—	50,120	—	51,017	—	101,137	101,137	3,166
Essential oils	326	1,492	912	179	1,238	1,671	2,909	3,001
Rice and rice products	—	35,845	—	14,103	—	49,948	49,948	2,118
Nutmeg and mace	228	—	818	3,653	1,046	3,653	4,699	2,118
Cinnamon and cassia	—	79	—	2,435	—	2,514	2,514	737
Cocoa	1,566	—	7	27	1,573	27	1,600	528

Total value, including other agricultural exports. 417,588

- (1) The exports of agricultural products of the Outer Islands shipped via Java are considered as exports of the Outer Islands and vice versa.
- (2) Some weights are net, others gross.
- (3) The division into "estate" and "native-grown" is based on the production of raw material irrespective of whether the product is processed in estates or factories.
- (4) The estate share of exports is estimated.

*Items of
Export**Exports,
Estate-grown
and Native-
grown*

Table XII shows for 1938 the principal agricultural products for export listed in order of the magnitude of their values, and covers over 90 per cent of the value of all agricultural exports. Rubber accounts for over 30 per cent of the value of total agricultural exports, tea for 13 per cent, sugar and coco-nut products each for over 10 per cent, and tobacco for 9 per cent. Over 70 per cent of the total value is, therefore, represented by these five products. For agava, cocoa, cinchona bark, palm-oil, and sugar the proportion of "native-grown" is very small, and the "estates" have a practical monopoly of the export trade, while for rubber, coffee, tea, and tobacco, essential oils and nutmegs the proportion of native-grown is very considerable; for rubber it is almost equal to, and for coffee exceeds that of the estates. The products which are wholly or mainly native-grown are rice, maize, peanuts, cassava (tapioca), pepper, cinnamon, areca nuts, kapok, and coco-nuts. Among other products not listed in the Table are gambier and cocoa (wholly from estates) and sago, sweet potatoes, resinum seeds, cotton, cotton seed, sesame seed, soya beans, red pepper (chillies), and vanilla—mainly native-grown.

Rubber

The great rubber industry of the country has grown up since the beginning of the century; it owes much to prolonged and intensive research financed by the Government. A recent estimate¹ puts the sums invested in rubber plantations at the equivalent of over £80 million, most of it of British and Dutch origin. In spite of many heavy charges, including a heavy export duty and the installation of modernized machinery, profits since 1936 have been said to be satisfactory. In addition to estate production, mainly in the East Coast of Sumatra, there is a large production from native gardens, mainly in Sumatra and Borneo, which also has to be regulated under the Restriction Scheme. Producers now do a good deal of the processing formerly carried out at Singapore. For rubber, the largest proportions are sent to Singapore for redistribution to other markets, 38 per cent in 1935 and 26 per cent in 1938; and to the United States and Canada, 31 per cent in 1935 and 35 per cent in 1938. The Netherlands received direct under 5 per cent in 1935 and over 6 per cent in 1938. Germany and Austria together took only 3 per cent in 1935 and over 7 per cent in 1938. Other countries of destination are mainly European, though a small amount goes to Japan. The present position of the market, with European markets closed, has been aided by an agreement with the United States for the purchase before the end of 1940 of 100,000 tons, and a

(1) See *Trade and Engineering (The Times)*, September 1940.

maximum of 150,000 tons as a reserve supply to be held for three years.¹

Whether Japan continues to take rubber from the Indies probably depends on what she can obtain from Indo-China. If rubber exports to Japan increase, questions might be asked on the ultimate destination of the goods, in case any should be diverted to Germany over the trans-Siberian route.

Tea-growing in Sumatra and in the Java highlands has been aided by British capital. The principal markets in peace-time were Holland, taking roughly 20 per cent; Australia, also taking roughly 20 per cent; the United Kingdom, which took 25 per cent in 1935 and 17 per cent in 1938; and the United States and Canada, taking between them rather more than 10 per cent. Supplies sent to Egypt increased from 8 per cent in 1935 to 12 per cent in 1938. The best tea is produced in estates in the Java highlands, but Sumatra, where the first tea plants were planted in 1908, is now a large producer, and native tea-gardens are of considerable importance. After the invasion of Holland tea prices fell some 20 or 30 per cent between May and August 1940. The marketing problem in 1940 was helped by a British Government purchase of forty million pounds for immediate delivery, and a further heavy British purchase was expected.

The sugar industry of Java, probably the most efficient in the world, suffered, as in other countries producing for export, a severe set-back after 1930 due to the self-sufficiency programmes in various countries. The Chadbourne Agreement reflected the situation, and further blows fell with the loss of the India market, where prohibitive protective duties were imposed, and with the Japanese occupation of large areas of China, formerly large buyers. The acreage under sugar and the number of factories operating were reduced, the machinery of some estates being removed to India and elsewhere. Between the years 1935 and 1938 there were some striking changes in the distribution of exports. In 1935 and 1936 Holland took only a very small proportion, in 1937 some 10 per cent, in 1938 just over 15 per cent. In 1935 less than 2 per cent went to Egypt, by 1938 some 26 per cent; on the other hand, in 1935 some 38 per cent went to India, Burma, and Ceylon, but in 1938 only 10 per cent. Recent agreements with the Government of India on sugar and some other imports will increase the share of India in the import trade. Other countries of destination included Japan,

(1) For further information on rubber see *Commodity Control in the Pacific Area* (New York: Institute of Pacific Relations, 1935); Kathleen Barnes "Overcoming Obstacles to Rubber Control" in *Far Eastern Survey*, August 4, 1937, with bibliography; and a paper on "Statistics of the Rubber Industry" in the *Journal of the Royal Statistical Society*, Vol. ci, Part ii, 1938.

China, and Thailand, and roughly 10 per cent went to Hongkong. The sugar situation has been improved by large recent purchases by the British Government.

Copra

The coco-nut palm is found throughout the islands and provides for many native wants. The flesh of the nut is dried for copra for export, and the trunk, leaves, and coir are used for all sorts of local purposes. Coco-nut oil is a main constituent in native diet, providing the necessary fat. Plantations are important in Java and Sumatra, especially to native farmers. In the Great East, where copra is the main article of export on which local prosperity depends, the tree is of the utmost importance. A fall in the price of copra is a disaster in the Eastern Islands. There was a severe crisis in the market after the invasion of Holland. Holland imported 29 per cent of Netherlands India copra in 1935 and 22 per cent in 1938. Both in 1935 and 1938 some 20 per cent was sent to the distributing centre of Singapore; the remainder went mainly to European countries, including Germany and Austria, which took 9 per cent in 1935 and 19 per cent in 1938. Japanese purchases of copra have decreased from 7,433 tons in 1937 to 1,430 tons in 1940.

Tobacco

The finest tobacco leaf for cigar-wrapping comes from the Deli area of Sumatra. Before the war it was marketed in Amsterdam and Rotterdam for sale to European countries. It was marketed in 1940, for the first time, in Sumatra, for delivery mainly to the United States. A tobacco sales organization was established in New York to serve not only North American but South American and other markets. The first sale of Sumatra tobacco in New York was reported in November 1940. Most of the tobacco is grown on estates, but a good deal, for local sale, is grown by Javanese peasants as a catch crop between rice crops. It was stated in October 1940 that planters in Sumatra intended to reduce acreage by 25 per cent.

Palm Oil

The oil palm is grown in plantations in East Sumatra and production of oil is increasingly important. The palm oil produced is used in the manufacture of soap and tin products and, recently, in margarine-making. The United States is the principal market, deriving some 75 per cent of her requirements from Sumatra. In 1935 68 per cent of palm oil exports went to the United States and 20 per cent to Holland; in 1938 the proportions were 53 and 29 per cent respectively.

Coffee

Coffee-growing was already fully developed at the beginning of the century, and by 1914 a maximum export of some 3,667 metric tons had been reached in the East Coast of Sumatra alone. But the competition on world markets of cheap Brazilian coffee was severe, and by 1937 export from this area had been reduced by about one-third. Gradually coffee production was abandoned by the estates in favour of

more profitable crops, and was left more and more in the hands of native growers. Normally coffee is mainly sent to Europe. In 1935 the mother country took 19 per cent; in 1938 some 22 per cent. France in 1935 took 30 per cent, but in 1938 only 10 per cent. On the other hand, the share to Denmark increased from 9 per cent to 19 per cent. In 1935 some 8 per cent and in 1938 12 per cent was sent to Singapore. The loss of European markets in 1940 made the position even more serious, and it seemed doubtful whether the area under coffee could be maintained, as about 60 per cent of total production is for export, and Pacific markets cannot absorb this share.

The reasons for the practical monopoly of the Indies in cinchona *Cinchona* production appear to be mainly suitable soil and climatic conditions in the highlands of Java and some parts of Sumatra, though again patient research may play some part in the success achieved. However that may be, it is certain that great efforts to cultivate cinchona in Ceylon, in Thailand, and elsewhere where conditions have seemed to be favourable, have not had the same success and have in many cases been abandoned.

Some other products of Netherlands India are in special demand *Kapok and Tapioca* during the war. One is kapok, of which the territory is the principal supplier; it has certain qualities which make it very useful in the manufacture of life-saving appliances for seamen and airmen. Another is tapioca flour derived from the cassava root, used in the Lancashire cotton industry as a substitute for the farina formerly obtained from Europe.

There are in Netherlands India considerable forests. In the drier *Forest Areas* parts of Java and Madura there are teak forests under the Forestry Service, which in 1938 covered 815,400 hectares, or 6.2 per cent of the total area of these islands, while other forests covered 1,905,900 hectares or another 14.4 per cent. In the Outer Islands forest areas amounted in 1938 to 292,698 square kilometres in Sumatra and 499,056 square kilometres in the Eastern Islands. Of the total area of the Outer Islands 68 per cent is accounted for by forests; the area of the actual forest reserves, under the control of the Government Forestry Service, amounts to 102,756 square kilometres. Government attention has been given to the forests in Java for a century past, though not on the present scale, but no forest service was established for the Outer Islands until 1908. In few colonial countries, or indeed in non-colonial countries, was there any serious realization until recently of the enormous importance of forest cover in preventing soil erosion and consequent sterility. The first impulse to forestry control in Netherlands India does not seem to have arisen for this reason, but

*Forest
Control*

because it was evident that the valuable teak forests of Java, whose timber is required by the ship-building industries, were at one time in danger of destruction by indiscriminate felling. These forests are almost entirely of teak trees¹; in the other main teak-producing countries, Burma and Thailand, the forests are mixed. As the dangers of erosion caused by clearing for native shifting cultivation became apparent, forest reserves were proclaimed.

*Forest
Products*

Timber has been exported from Java for centuries, the trade having been mainly in Chinese hands. In 1938 the total value of timber and wood products exported amounted to over four million guilders. In the Outer Islands minor forest products form an important part of the livelihood of villages in the highlands. The most important of these for the export trade are rattan, resins (damar, copal, dragon's blood), camphor, and certain tanning barks. For the home market timber for house-building and other purposes is most in demand.

5. PRICES OF AGRICULTURAL PRODUCTS

*Effect of
Depression
on Exports*

Annual crops produced mainly by the natives are, as we have seen, cultivated primarily for home consumption; it is estimated that exports account for approximately no more than 3 per cent of rice, 6 per cent of maize, 5 per cent of potatoes, 11 per cent of cassava, 3 per cent of soya beans, and 30 per cent of peanuts.² The years of world depression did not, therefore, affect this section of production so seriously as might have been expected. The diffusion of small farming and the fact that peasants lived largely on the produce of their own fields and that their money transactions were consequently small, provided an important element in the resistance that the population were able to put up against the Depression after 1930, which fell with special violence on raw material producing countries. Estates and those native farms producing largely for export suffered very severely from the drastic fall in prices and lack of markets for their produce. The value of exports of rubber, sugar, coffee, tea, pepper, tobacco, and copra all experienced a heavy fall.² The price of rubber fell from about 10½d. per lb. in 1928 to about 1¾d. per lb. in 1932. For example, the amount of rubber exported in 1935 was practically equal to that exported in 1929; the value fell from 325 million guilders to 69 million guilders, the lowest figure being in 1933 when the value amounted to only 37 million guilders. Exports of coffee, tea, pepper, tobacco, and copra suffered much the same experience. Lack of

(1) Java teak has not, however, quite the same properties as the Burmese and Siamese product, and is separately distinguished in the trade.

(2) See the *Bulletin of the Colonial Institute of Amsterdam*, November 1938.

demand for sugar, accompanied by a fall in price, resulted in the reduction of sugar exported in 1935 to little more than half, and the value to only about 11 per cent of that in 1929.¹

In order to mitigate the effects of the drastic fall in prices owing to lack of demand, restrictive measures were brought into force for certain products of which Netherlands India is an important world producer. The Dutch Government had steadily declined to depart from *laissez-faire* principles and restrict production, until the fall in prices compelled action.

In 1931, under the terms of the Chadbourne Agreement, a substantial reduction in the output of sugar came into force, and in the spring of 1937, after negotiations at the International Sugar Conference, agreement was reached for regulating supplies on a quota basis. On May 7, 1934, an agreement was signed in conjunction with other producing countries to regulate the production and export of rubber by means of quotas, with the object of reducing existing world stocks to a normal and consumable figure, and early in 1938 it was agreed to prolong the Agreement. Under the 1934 Agreement drawn up by the International Tea Committee, planting of tea was restricted, and in the same year restrictive measures were brought into force as regards the production of cinchona. In 1937 the cinchona restrictions were extended for a further ten years.

In many other instances the Government have interfered to protect producers from heavy falls in price. Since 1933 import restrictions on rice have protected the Java, South Celebes, and Lombok growers. At one point, in 1935, after a bumper harvest, a complete embargo was enforced for some months to permit the sale of the surplus at a profit in the Outer Islands.

A Government credit of three million guilders in 1937 to cover heavy stocks of kapok, which could not be sold at the controlled price, tided over a temporary difficulty with this product. In the same year, a grant of 747,000 guilders was made for the promotion of coffee culture and exports.

Advisory production and sales boards for kapok, coffee, gums, and resins, tapioca, citronella, and Java tobacco have been established.

Partly as a result of these measures and a general upward trend towards world recovery, conditions after 1935 showed an improvement; but the prosperity enjoyed by the estates before the economic crisis has never been fully regained. One of the factors aiding recovery from the Depression was undoubtedly the devaluation of the guilder in Holland and in the Indies in September 1936. The maintenance of

(1) See Table XVI.

the currency on a gold basis in the Indies had created great difficulties in external trade and in internal transactions. In some country districts there was a reversion to barter. Token currency in circulation declined from 230 million guilders in January 1930 to 105 million guilders at the end of June 1935. At the time of devaluation, a subsidy of 25 million guilders was provided by the Exchequer at The Hague to ease the process of devaluation. There was some rise in the cost of living, but Government revenue increased, and conditions for producers and exporters improved.

*Encourage-
ment of
Production
for Home
Use*

As exports provide a large part of the people's income and agricultural exports have suffered so severely, the Government have sought to maintain prosperity by the increase of agricultural products for home consumption, in order to attain for the community the maximum degree of self-sufficiency in foodstuffs. In supplies of rice and certain other foodstuffs the Netherlands India is not self-sufficient; in 1938 imports of rice (of inferior quality to that produced in Java) amounted to 334,000 metric tons, and the value of all foodstuffs imported amounted to over 15 per cent of total imports.

6. MINERAL PRODUCTION

In Netherlands India there is considerable mineral wealth. For certain products—tin and mineral oils—Netherlands India is among the principal world exporters. After British Malaya and Bolivia, Netherlands India is the largest producer of tin ore in the world, and has produced on an average in recent years between 15 to 20 per cent of total world supplies of tin ore in terms of metal content. For petroleum she holds fifth place among world producers, and in 1939 was responsible for nearly 3 per cent of world production. Other mineral products include bauxite (the exploitation of the deposits being of recent date), nearly 6 per cent in 1938 of total world production, coal, manganese, salt, gold, silver, and platinum.

Tin

During the years of the Depression the output of tin ore suffered a severe setback, and it fell from 31,000 metric tons (metal content) in 1929 to the low level of 13,000 metric tons (metal content) in 1933. From 1934-7, however, there was a steady recovery, though in 1938 production again decreased. Total world production of tin had reached a peak in 1929 and the price of tin had been falling since 1926. Steps were taken, therefore, to limit production and on March 1, 1931, an agreement was reached with the Tin Producers' Association for a compulsory scheme of restricted output to be administered by an International Tin Committee on a quota basis. This agreement was

renewed on January 1, 1937. The following Table shows the value and weight of tin ore and tin (unwrought) exported in the years 1929-38.

TABLE XIII
EXPORTS OF TIN, 1929-1938

	Tin Ore		Tin Unwrought	
	Value (million guilders)	Weight (thousand metric tons)	Value (million guilders)	Weight (thousand metric tons)
	000's omitted		000's omitted	
1929	46	28.1	33	13.6
1930	32	27.3	26	14.6
1931	19	21.5	18	13.0
1932	9	10.4	9	8.2
1933	9	8.1	14	9.9
1934	15	12.8	18	10.7
1935	18	16.6	18	11.4
1936	27	26.4	19	13.1
1937	55	36.9	29	14.0
1938	21	19.2	12	7.3

Source: *International Trade Statistics*, League of Nations.

The three tin mines of Netherlands India are the Banka Government mines, and those of the Billiton and Singkep Companies, the output of the former being by far the largest. The deposits on these three islands appear to be a continuation, geologically, of the deposits in the Malay Peninsula. In the year 1938 the output under the quota scheme amounted in metric tons to 15,580 for the Banka mines, 10,492 for Billiton, and 1,662 for Singkep; the respective exports from each being 12,765, 7,121, and 1,474, the total output amounting to 27,735 metric tons. The output in 1939 was 31,410 metric tons. Tin production has an immediate importance for the country's exchequer, as the profits of the Government-owned Banka mines in 1937 were twenty-six million guilders, and the two private companies yielded considerable revenues in the shape of a five-eighths share in the profits of private companies.¹

Exports of tin and tin ore are normally mainly distributed between the European Continent and the United States. The Government-owned Banka mines refine their own production on the spot, whilst the Billiton and Singkep Companies, before the invasion of the Netherlands, exported their tin ore to the smelters in Holland, where it was refined for re-export all over the European Continent.

Production of petroleum has been steadily increasing in recent years; in 1929 it amounted to 5,239,000 metric tons and by 1938 had

(1) For a detailed examination of the position of the tin industry, see J. van den Broek, "The Netherlands India as a producer of Tin" in *Bulletin of the Colonial Institute*, December 1939. For the earlier history of the exploitation of tin see Furnivall, *Netherlands India*, pp. 325-7.

increased by over 40 per cent to 7,398,000 metric tons. Netherlands India is the main producer in East Asia, and before the outbreak of war supplies were very important to Japan and China. The three producing companies are the Royal Dutch Shell, with its associated companies (by far the largest producer), the Standard Oil Company,¹ and the Netherlands India Petroleum Company. Out of a total of 7,398,000 metric tons produced in 1938 only 933,000 metric tons came from Java and Madura. The remainder came from the newer wells in the Outer Islands, including 4,663,000 metric tons from Sumatra, from the fields of Atjeh, Jambi, and Palembang; 1,720,000 metric tons from Borneo, from the wells on Tarakan, off the East Coast, and on the main island near Balikpapan; and 82,000 metric tons from the Moluccas. Prospecting in western New Guinea by a company formed by Royal Dutch Shell and Standard Oil has given promising results.

The value and weight of exports of crude oil and crude oil derivatives in 1929, 1935, 1936, 1937, and 1938 are shown in the following Table:

TABLE XIV
EXPORTS OF PETROLEUM AND PRINCIPAL PETROLEUM PRODUCTS¹

		Value in Guilders (000,000's omitted)					Weight in Metric Tons (000's omitted)			
Petroleum	1929	1935	1936	1937	1938	1929	1935	1936	1937	1938
Crude ..	—	3.5	2.3	2.5	1.3	—	243	151	95	52
Residual oil, ²										
Fuel oil &										
Diesel ..	38	27.0	26.9	42.9	42.6	2,049	2,544	2,578	2,874	3,053
Kerosene ..	29	11.9	16.4	22.2	21.1	537	580	793	848	712
Benzine &										
Petrol ..	97	39.3	44.4	77.9	81.0	1,118]	1,649	1,680	1,960	2,069

(1) For the total values of petroleum and petroleum products see p. 69.

(2) Including bunker oil.

By far the largest proportion of petroleum is exported to Singapore. In 1938, of the total exported, according to values, 24 per cent went to Singapore, over 10 per cent to Australia and New Zealand, 7 per cent to Egypt, 5 per cent to China, 4 per cent to Japan, and some 3 per cent both to Hongkong and to the Philippines. Only a very small proportion (1.3 per cent) went direct to the Netherlands.

The production of bauxite began in 1935 with the exploitation of the deposits on the island of Bintan in the Riouw Archipelago, off the East Coast of Sumatra, and has increased rapidly. Exports of bauxite rose from 126,955 metric tons in 1936 to 273,877 metric tons in 1938, with a corresponding increase in value from 798,000 guilders to

(1) The Standard Oil Company, through their subsidiary, the Netherlands India Petroleum Company (a Dutch registered company) has important holdings in Sumatra.

2,378,000 guilders. Coal is produced, both in private and Government mines, the total output in 1938 being 1,456,647 metric tons. The coal mines in south-east Borneo may have a great future, as there are iron fields at present undeveloped in the neighbourhood. Exports of coal rose from 246,118 metric tons in 1936 to 367,534 metric tons in 1938, with a corresponding increase in value from 828,000 guilders to 2,414,000 guilders. The production of gold and silver is small. The gold resources of western Borneo have been exploited by the Chinese for centuries and are nearing exhaustion. In 1938 the output of gold amounted to 2,374 kilogrammes, valued at 4,809,220 guilders, and the output of silver to 18,613 kilogrammes, valued at 443,850 guilders. Much the largest proportion of the gold and silver produced comes from Sumatra. Other products of minor importance are manganese ore, asphalt, sulphur, and phosphates.

CHAPTER III—NETHERLANDS INDIA: INDUSTRY, TRADE, AND SHIPPING

1. INDUSTRIAL OUTPUT

Policy

DUTCH policy on industrial development has as its motive two conflicting propositions. The Government realize that a great food and raw material producing country must export the produce, and that, if the markets for that produce are to be maintained, the country must in its turn import manufactured and semi-manufactured goods from the receiving countries. A reasonable balance between exports of raw materials and foodstuffs and imports of manufactured goods must be maintained; there can be no question of autarky. On the other hand, a rapidly expanding and intelligent population like that of Java requires every possible outlet for employment, and a certain degree of industrialization is inevitable in a country where education and science are making rapid strides.

The economic make-up points first of all to the advantages to be derived from carrying out locally the various mechanized processes necessary in preparing food and raw materials for the market. The more important of these processes are sugar-milling, rice-milling, tea-drying, oil-refining, the dredging and refining of tin, the milling of nuts and oilseeds for the production of vegetable oils, and the drying and milling of rubber sheets. For a long time certain of these processes were carried on at Hongkong and Singapore, where large facilities already existed, but Netherlands India is becoming more and more independent of outside help of this kind, and she now exports in large quantities the finished article in tin and rubber as she has always done in sugar and tea. Much of the machinery for these purposes is imported, but some is now made in local shops.

In 1937 the Government had laid down the general lines of policy in industrial development.¹ The method proposed was not to follow a definitely formulated plan, but to lend a helping hand as opportunity offered. Special attention was to be paid to industries employing many hands and manufacturing commodities for the domestic market; this means that for this policy native handicraft is of greater importance than large-scale, mechanized industry. Nevertheless, on certain occasions, when the general interest called for such action, the Government have instituted certain measures of protection, and in the war emergency their hand has been forced by the urgent need for heavy industry for military purposes; otherwise the Government have always

(1) See Dr Cecil Rothe, "Industrial Development and Home Consumption in the Netherlands Indies" in *Bulletin of the Colonial Institute of Amsterdam*, November 1938.

regarded a rapid and extensive industrialization of Netherlands India as neither desirable nor possible.

Other than processing industries had made some progress before the war. The decline in export values in 1930 and the following years entailed a great reduction in imports, and consequently stimulated production of such consumable goods as could be manufactured in the Indies, especially textiles. Some large foreign firms, including Unilever and General Motors, have establishments in Java. Metal and machinery works developed from what were originally repair shops. From these, to a limited extent, the country has begun to meet its own requirements in engineering, ship-building, aircraft fitting, and repairs. In 1940 American journalists visiting Java saw the large workshops where native engineers and mechanics were assembling Lockheed and Glenn Martin bombers, and other workshops for the service of the 100 German Dorniers in the island service. Road rollers, tea-driers, and much machinery for the rubber industry are now produced locally. A good deal of ship-repairing, formerly carried out at Hong-kong and Singapore, has been done locally in recent years at Sourabaya and Batavia, and ships have been built in these yards for inter-island trade, also various small craft such as motor tugs, police cutters, etc. Mine-layers are now under construction. In 1939, when war in Europe seemed imminent, negotiations with the Home Government led to plans for the promotion of certain heavy industries with a view to a further industrialization of the Indies. Joint appropriations were provided for the purpose in the budgets of both countries for 1940. The plans included the creation of a major chemical industry, for an aluminium manufacturing plant, a scrap-iron melting plant and rolling mill, a paper mill, and a large hydro-electric station. Arrangements were also made for the manufacture of cement, glass, rubber, and aluminium ware, and factories and workshops for these purposes were established in the first year of the war. A new oil-refining plant was erected in Sumatra for the production of aviation spirit.

Industries of older standing are of a lighter kind, producing in the main for the home market; they include the assembly of pedal-cycles, tube and tyre manufacture, soap, paint, and varnish industries, brick and tile-making, the manufacture of shoes and leather goods, paper-making, cigarette-making, food industries, and textile industries (mainly weaving). In the weaving industry the number of machine looms in use rose from forty-four in 1930 to 2,013 in 1937, and orders for many more were placed. Most of these industries are concentrated in Java, and they find a market there and in the Outer Islands.

Among light industries special attention is given to those providing

*Heavy
Industry*

*Light
Industry*

Handicrafts

for the maximum of employment, and a special fund for small industries was provided in 1937, especially for the fostering of native handicrafts. The latter are carried on partly by independent artisans and partly in small workshops largely by men and women in the slack seasons for agricultural work. The annual value of these small industries in 1937 was estimated at 180 million guilders as against 78 million guilders for mechanized industry. These include the plaiting of bamboo hats, batik and copper work, textile, leather, brick and tile manufactures. The batik industry has considerable importance. The art consists of decorating white cloth for *sarongs* by hand with a coloured all-over design. In 1937 batik work accounted for seventy million sarongs, most of them for local use, but many for export to other countries. About 200,000 handlooms are in use, and recently improved modern looms have been provided, weaving for the most part imported yarns.

2. TRADE

In the preceding chapter on production some particulars have been given of the character of agricultural and mineral exports and of the

TABLE XV
IMPORTS OF CERTAIN COMMODITIES

	Values in Million Guilders					Weight (gross) in thousand metric tons				
	1929	1935	1936	1937	1938	1929	1935	1936	1937	1938
Rice husked	104	17	11	11	22	735	388	233	178	334
Fish ..	21	11	10	12	13	72	62	66	72	72
Other food-stuffs, beverages and tobacco ..	106	30	40	55	54	362	216	201	227	219
Fertilizers ..	25	3	5	9	8	179	69	107	160	122
Chemicals and drugs	31	15	16	25	25	67	53	55	79	64
Yarns ..	14	9	9	19	15	7	8	9	16	13
Cotton tissues ..	156	45	45	92	66	68	51	50	79	54
Other tissues ..	77	21	23	34	29	74	38	51	65	68
Apparel ..	19	7	7	12	11	10	10	10	12	10
Iron and steel manufacture ..	85	18	19	48	42	454	173	184	309	235
Machinery and tools	102	19	25	49	57	125	32	46	67	68
Motor cars	34	5	6	11	12	29	7	9	13	13
Total, ¹ including all other commodities	1,052	272	282	491	478	3,389	1,645	1,609	1,996	2,003

(1) Including imports on Government account, but excluding postal trade and passenger goods, also bullion and specie.

markets for them. There remain for consideration the general trend of trade up to the outbreak of war and the changes which have taken place under war conditions.

Netherlands India, as we have seen, is not completely self-supporting in food, and for manufactured goods she is dependent to a large extent on imports. By far the greater part of her imports consisted of semi-manufactured and manufactured articles. Of these, one of the most important items is yarns and cotton tissue, which together in 1938 accounted for approximately 17 per cent of the total value of her imports; among other very varied imports are chemicals and drugs, iron and steel products, machinery and tools, and motor-cars. The value of machinery imported is on an average some 10 per cent of the total value of imports. Table XV shows the value and weight of some of the main items imported in the years 1929 and 1935-1938.

Details of the principal individual exports have already been given in Chapter II on Production. The following Table shows the value and weight of the main commodities exported in the years 1929 and 1935-38.

TABLE XVI

EXPORTS OF CERTAIN COMMODITIES

	<i>Values in Million Guilders</i>					<i>Weight (gross) in thousand metric tons</i>				
	1929	1935	1936	1937	1938	1929	1935	1936	1937	1938
Rubber latex and gutta percha ..	237	70	88	298	135	322	321	348	483	331
Sugar and residues ..	312	35	34	51	45	2,982	1,410	1,010	1,365	1,197
Coffee of all kinds ..	70	19	16	26	13	83	83	97	101	70
Tea ..	86	37	43	49	56	83	75	79	76	82
Pepper ..	49	12	11	7	9	31	62	80	32	55
Tobacco ..	83	29	38	41	39	75	50	49	50	50
Cinchona bark and quinine ..	9	6	11	10	12	11	6	10	7	7
Copra ..	98	26	42	63	38	465	493	517	506	565
Tapioca products ..	21	8	12	18	9	266	159	294	447	267
Tin and tin ore ..	79	36	46	84	33	42	28	39	51	27
Petroleum products	179	87	97	167	164	3,831	5,139	5,602	6,290	6,435
Total ¹ including other commodities	—	446	538	951	658	—	9,379	9,798	11,437	10,994

(1) Including on Government account, but excluding postal trade, passenger goods, ships' stores and bullion and specie—also the yield from export duties.

*Distribution
of Trade*

Approximately a quarter of the trade of Netherlands India has been with the Mother Country, though in the years 1935 and 1936 the proportion of imports from Holland was very much lower than in 1929, while the proportion of exports increased. The importance of the United States in the trade of the Indies has increased considerably since the opening of the Panama Canal in 1914, as bulky cargoes to the Indies can now be transported by sea direct to ports in the Eastern and Southern States. The United States is an important market especially for rubber, tin, and palm-oil. The figures for Japan show a large increase in imports. In 1929 imports from that country held only sixth place, but by the years 1935-37 they exceeded those from any other country, and trade from Holland, the United Kingdom, the United States, and India suffered accordingly. During the Depression, cheap Japanese goods were indubitably a benefit to the people who could not afford to buy the more expensive products of the West. But, especially in textiles, it appeared that Japanese goods would swamp the market. In 1928 52.7 per cent of textiles imported into Netherlands India came from Great Britain, and 32.8 per cent from Japan. By 1934 Japanese textile imports accounted for 83.1 per cent of the total. The regulation of imports by the Crisis Ordinance of 1933 and later Ordinances took the form of allotment by quota. It was claimed at the time that import regulation was introduced, not so much to benefit the Dutch exporter in Holland, as to safeguard the Netherlands India balance of payments.¹ Negotiations for a trade agreement between Japan and Netherlands India, by which it was hoped to secure a better balance of trade, failed. In recent years Japanese imports of Dutch sugar, copra, kapok, palm-oil, maize, and timber all declined. It was not until after the German invasion of Holland in 1940 that Japan showed renewed interest in other products of the Indies beside oil.

The decline in imports from Japan since the peak year 1935 is due in the main to the quota imposed on textiles and to other measures taken to protect the internal market. The recent agreement reached with the Japanese trade mission to Batavia is intended to increase trade between the two countries, some advance having already taken place since the outbreak of war. The distribution of exports has also undergone changes since 1929. In that year British Malaya held first place and ranked above the Netherlands; in the years 1935-38 the position was reversed, and the largest share was sent to the Mother Country. The large trade with British Malaya is mainly due to the great importance of Singapore as a distributing centre for trade in the Far East and the Pacific, but also to the fact that some raw materials

(1) See *The Colonial Problem*, pp. 303-4.

from Netherlands India are still processed and prepared for export in the Straits Settlements, though in this respect Netherlands India is becoming increasingly independent. Exports to Hongkong are also largely for redistribution and to some extent the same applies to Egypt. Owing to the high proportion of exports sent to these various entrepôt depots, a true picture of the ultimate destination to countries of consumption cannot be given. For exports sent direct, the proportion to the United States, Australia and New Zealand, Germany and Austria, and Japan increased in the years 1935-38 as compared with 1929, the most striking decrease being in the proportions to India and China, owing to the measures for the protection of the home producer in India and disturbed conditions in China.

The following Table shows the distribution of trade for the years 1929 and 1935-38.

TABLE XVII

DISTRIBUTION OF IMPORTS AND EXPORTS
Percentage share of each principal country

Country	Imports					Exports				
	1929	1935	1936	1937	1938	1929	1935	1936	1937	1938
Netherlands	19.6	13.4	16.7	18.9	22.2	16.0	22.5	23.6	20.1	20.4
British										
Malaya ..	11.8	12.2	11.3	8.3	8.4	22.9	16.6	13.9	20.4	18.2
United States ..	12.0	6.9	7.7	10.0	12.6	11.4	14.3	17.7	18.7	13.6
United Kingdom	10.8	8.0	7.8	8.2	8.0	8.9	6.8	5.1	5.3	5.3
Egypt ..	0.2	0.1	0.1	0.1	—	2.2	2.2	2.4	3.2	4.5
Australia & New Zealand	2.4	3.3	2.9	2.4	2.8	2.6	4.8	4.7	4.0	4.3
Germany & Austria ..	10.7	8.2	9.3	8.7	10.3	2.6	2.0	2.4	3.0	3.6
Japan ..	10.6	30.1	26.7	25.0	15.0	3.3	5.5	5.6	4.5	3.1
China ..	1.7	1.8	2.1	1.7	1.7	3.8	2.0	1.8	1.4	1.5
India ..	5.5	3.4	3.1	2.6	3.8	10.0	3.9	1.4	1.1	1.4
Belgium ..	1.8	2.2	2.5	3.1	2.8	0.8	0.7	1.1	0.8	0.8
France ..	1.0	1.2	1.3	1.4	2.0	4.2	3.3	2.4	2.5	1.7

While for certain commodities the Netherlands take a considerable share of exports, this exportation provides only a small share of the needs of the Mother Country; in 1938 her imports from the territory amounted by values to only 7.2 per cent of her total imports. Similarly while Netherlands India received in 1938, according to value, 22.2 per cent of her imports from Holland, exports from Holland accounted for only 9.7 per cent of her total exports.

Netherlands India enjoys a steady favourable balance of trade.¹ The following Table shows the balance of trade in merchandise for the years 1929 and 1935-38.

(1) The balance of payments of Netherlands India is dealt with in the 1937 volume of the *Balance of Payments*, pp. 149-52 (Geneva: League of Nations, 1937).

Balance of Trade

NETHERLANDS INDIA

TABLE XVIII

BALANCE OF TRADE, 1929-1938¹
(Merchandise in Guilders)
000,000's omitted

		<i>Value of Imports</i>	<i>Value of Exports²</i>	<i>Balance</i>
1929	.. .. .	1,108.2	1,446.4	+338.2
1935	.. .. .	276.5	447.4	+170.9
1936	.. .. .	286.9	539.2	+252.3
1937	.. .. .	498.3	953.0	+454.7
1938	.. .. .	485.9	659.8	+173.9

(1) Including trade on Government account, postal trade and passengers' goods, and excluding bullion and specie.

(2) Including ships' stores, but excluding the yield of export duties.

*Decline in
Values*

These figures show a drastic decline in the value of both imports and exports in the period 1929-1935. In the intervening years imports fell steadily year by year. Exports showed a slight recovery in 1934, and the figure was slightly higher than that for 1935. In 1937 both imports and exports showed a very marked recovery, but in 1938 there was again a heavy fall in exports.

TABLE XIX

BALANCE OF TRADE JANUARY-AUGUST AND SEPTEMBER-DECEMBER,¹ 1938 AND 1939
(Million guilders)

		<i>Imports</i>		<i>Exports</i>		<i>Balance</i>	
		1938	1939	1938	1939	1938	1939
January-August	.. .. .	298	306	476	487	178	180
September-December	.. .. .	179	163	206	281	26	118
Total	.. .. .	477	469	682	768	204	298

(1) Including for imports, but excluding for exports, postal trade and passengers' food, and on Government account; exports include the yield of export duties.

After the outbreak of war there was a marked rise in prices. Compared with the corresponding periods in 1938, import prices, which in the first eight months of 1939 were 4 per cent lower, in the last four months were 14 per cent higher, mainly owing to the increase in the price of metals; export prices which in the first eight months were 14 per cent higher, in the last four months were 21 per cent higher.¹ Various considerations, of which the conservation of dollar exchange for the purchase of war material in the United States was probably the most important, led in 1941 to a severe curtailment of imports, including the complete exclusion of luxury goods. In the first four months of 1941 imports into Java were valued at only 85.1 million guilders, as against 129.5 million guilders in the corresponding period of 1940.

*Increases
in Production
and Export
in 1939*

There were some notable increases in production in 1939 as compared with the previous year. The output of petroleum increased, and exports rose by nearly half a million tons, the increase being wholly in

(1) See *Economische Voorlichting*, The Hague, April 5, 1940.

the first eight months, as, in the last four months, exports declined. Rubber production rose by over 12 per cent and exports increased by over 23 per cent, an increase due to expansion in the permitted export quota and partly, though not wholly, to the pressing demand from Japan.¹ The export of sugar rose by 300,000 metric tons, chiefly owing to the demand from India, which took 341,000 metric tons compared with only 39,000 metric tons in 1938. The production of tin and tin ore in terms of metal content increased by roughly 250 metric tons and stocks fell, for exports rose from 21,500 metric tons in 1938 to 31,500 in 1939. Exports of palm-oil, hard rope fibres, tea, and coffee all increased.

The following Table shows for 1939 the percentage increase or decrease as compared with 1938 in value and weight of exports of those commodities covered by "restriction" schemes and those that are unrestricted, pre-war and war figures being shown separately.

TABLE XX

PERCENTAGE INCREASE OR DECREASE IN EXPORTS IN 1939 AS COMPARED WITH 1938

		<i>January-August</i>	<i>September-December</i>
<i>Restricted—</i>			
Value ..		13.4	100.5
Weight ..		11.5	56.6
<i>Unrestricted—</i>			
Value ..		-6.8	-8.0
Weight ..		14.1	-3.3

Improvement in exports was then wholly due to the increase of exported commodities covered by "restriction" schemes, for which there was not any increase in price but a definite increase in demand, very greatly accentuated after the outbreak of war. Though there was an increase in demand for unrestricted commodities in the pre-war months, falling prices led to a decrease in the value of exports, while in the war months, though prices rose, the demand decreased. The future of these restriction schemes under war conditions is uncertain, but it is evident that, if necessary, production of all the products under restriction can be expanded. One of the controls was removed early in 1940 when the International Rubber Restriction Committee agreed to

(1) EXPORTS FROM NETHERLANDS INDIA TO JAPAN

		<i>Jan.-Aug.</i>		<i>Sept.-Dec.</i>		
		1939	1938	1939	1938	
Weight ..		593,300	491,500	218,300	289,100	metric tons.
Value ..		13.3	13.6	11.2		7.0 million guilders.

Important increases were in rubber and bauxite.

The value of exports from the Netherlands decreased.

		<i>Jan.-Aug.</i>		<i>Sept.-Dec.</i>		
		1939	1938	1939	1938	
Value ..		82.8	94.1	21.7	38.1	million guilders.

(For these figures see *De Telegraf*, Amsterdam, April 7, 1940.)

allow unrestricted replanting until the end of the present restriction period on December 31, 1943.

*Changes in
Sources of
Supply under
War
Conditions*

War conditions also affected the import trade and domestic industries. Prior to the outbreak of war very roughly 40 per cent of Netherlands India's imports came from Europe, including some 20 per cent from Holland. The proportion of imports obtained from Europe, including Holland, tended to fall, with a consequent rise in the share obtained from America, Asia, Australia, and Africa, a process intensified in 1940. Uncertainty of possible developments in Europe and the possibility of war conditions, which might cut off the country from her European markets and sources of supply, led to some precautionary buying from the United States in the early months of 1939. As soon as war broke out, large orders were placed in the United States for a great variety of commodities likely to be in short supply. Contracts were also placed in India and Australia. The trade returns for 1939¹ show a decline of 21,600 guilders, or 11 per cent, in the combined imports from the Netherlands, Great Britain, and Germany, and a corresponding increase, 14 per cent, in the combined imports from countries bordering on the Pacific, the United States, Australia, Japan, and China. Imports from Japan rose from 71,500,000 guilders to 85,140,000 guilders. Imports from the United States were more than doubled.

On the export side the year was the best since the collapse in prices of 1931-2. In rubber Japanese buyers were active. The United States took 170,040 tons, or 45 per cent of total exports, and some part of the consignments to Singapore had the United States as their ultimate destination; shipments to the United States in the first quarter of 1940 amounted to sixty-two million guilders, or twice the value of exports to that country in the corresponding months of 1939. Tin quotas were substantially increased. The year was a record for crude oil production; with shipments valued at 155.3 million guilders, petroleum accounted for 21 per cent of total export trade, direct shipments to Japan being valued at 4.2 million guilders. The demand for sugar also increased.

While the policy of the Government in the first months of war was to support the importation of necessities, the need for increased domestic production was fully realized. Encouragement was given, not only to estate and native production for export, but also to all industries producing for the home market, support being given to existing industries, and plans being made for the establishment of new industries, to meet vital requirements. These plans included the creation

(1) See U.S. Department of Commerce Report, May 1940.

of a heavy chemical industry and a great expansion in the textile industries.

After the invasion of Holland, other avenues for the large trade with the Mother Country had to be found.

During the first five months of 1940 the monthly average of imports was 5 per cent higher in value than in the war months of 1939, and there was an increase of over 10 per cent in the average value of exports. Comparing the first five months of 1940 with the previous four war months, the average monthly exports of rubber increased by over 10 per cent, though exports of tin ore decreased considerably, and there was also a decline in the production of petroleum.

Figures for exports from Java and Madura alone for the first seven months of 1940¹ showed the following totals for that period and the corresponding months of 1939.

TABLE XXI

EXPORTS FROM JAVA AND MADURA

	<i>Jan.-July</i> 1940	<i>Jan.-July</i> 1939
Volume (metric tons, 000's)	1,166.9	1,584.3
Value (million guilders)	176.9	143.2

The conclusion of a trade agreement with Australia under which Netherlands India enjoyed certain privileges due to her inclusion in the sterling *bloc* helped trade with that country. Exports to another member of the Delhi Conference, South Africa, increased; Netherlands India imports into South African ports for the first four months of 1940 were valued at £611,760, as against £413,705 for the corresponding period of 1939. The increase was mainly in petroleum products.

In his annual address at the opening of the Volksraad on June 15, 1940, the Governor-General stated that owing to war conditions some 20-25 per cent of the sales area for the chief products of Netherlands India had been lost, but that an increasing demand from the United States had developed, while shipments to the United Kingdom were being well maintained. He also stated that while the importation of many articles must be transferred from the Netherlands to other countries, it was hoped that this might take place without creating serious disturbances. According to his statement, wide powers had been given to ensure the safety of the economic life of Netherlands India, and were to be carried out with force and energy. Food supplies presented no problems owing to increased production and adequate stores. A favourable factor included the strong position of the Netherlands

(1) *Algemeene Indisch Dagblad*, Aug. 14, 1940.

Indian guilder as an independent currency, strengthened by the impossibility of making payments to the Mother Country. The imperative monetary co-operation with the sterling *bloc* presented no insurmountable difficulties, and maintenance of the exchange value of the dollar remained assured.

3. SHIPPING

Shipping

The foreign trade of the country in 1935, a year in which trade was at a low ebb, was divided under flags as follows: British, 6,183 vessels or 60 per cent; Dutch, 3,195 vessels or 30 per cent; Norwegian, 272 vessels or 2.6 per cent; and Japanese, 264 vessels or 2.5 per cent.¹

The most important Dutch steamship line registered in Netherlands India is the Koninklijke Paketvaart Maatschappij (K.P.M.), with ten services to China, Thailand, South Africa, and Australia, and many inter-island services. It operates a fleet of 128 ships with a total of over 270,000 gross tons register. The Java-China-Japan line, also registered at Batavia, carried heavy traffic with Japan, but the outbreak of the Sino-Japanese war disorganized the traffic. Other Netherlands India companies handle oil and coal. The most important Dutch lines trading with Netherlands India are Maatschappij Nederland and Rotterdamsche-Lloyd.

Japanese regular lines serving the Japan-Netherlands-India route were fused some years ago into one organization. A Shipping Agreement signed in 1936 provided for the maintenance of the *status quo* in respect of direct shipping between Japan and the Outer Islands. The main English cargo steamer lines operating elsewhere in the Pacific call at Dutch East Indian ports, which are also served by the tankers of the Anglo-Saxon Petroleum Company, some of whose vessels sail under charter with foreign flags.

Ships of the Hamburg-Amerika, North German Lloyd, and Lloyd Triestino lines also call. Trade on the Australia-Java route is shared on a fifty-fifty basis with Australian lines. The direct service of the K.P.M. to South Africa, inaugurated in 1934, has proved very successful. Severe Japanese competition led to an effort for agreement between Japanese and Dutch shipping lines. The agreement provided new shipping regulations framed in 1937, heavily reducing traffic by foreign vessels from the important inter-island trade, especially in the Great East administrative unit, though British shipping still has cer-

(1) Total trade (external and internal) gives a different distribution. For the figures see Department of Overseas Trade *Report on Economic and Commercial Conditions in Netherlands East Indies*, p. 101.

tain privileges granted under old treaties, and though the restrictions are less on oil tanker tonnage and for the East Coast of Sumatra trade.¹

At the time of the invasion of Holland there were many German ships in the Indies. About seventeen of them escaped, but a tonnage amounting to about 116,000 tons was placed under the Dutch flag.

(1) For a general account of shipping facilities, see *Bulletin of the Colonial Institute of Amsterdam*, February 1938.

CHAPTER IV—NETHERLANDS WEST INDIAN TERRITORIES

THE territories of the Netherlands situated in the West Indies consist of Surinam or Netherlands Guiana, and a group of six islands, constituting the territory of Curaçao. Surinam and these six islands together are usually known as the Netherlands West Indies.

1. SURINAM OR NETHERLANDS GUIANA

Surinam or Netherlands Guiana is situated along the north coast of the South American continent between latitude 2° and 6° N. longitude 54° and 58° W. It is bounded on the west by British Guiana, on the east by French Guiana, and on the south at its back lies Brazil.

*Administra-
tion*

The Territory is administered by a Governor residing at Paramaribo, the capital. He is the president of an advisory council which includes a vice-president and three members all nominated by the Crown. The legislative body is composed of fifteen representatives of the States of Surinam, ten of the members being elected by vote, and five appointed by the Governor for a period of four years. For administrative purposes the Territory is divided into six districts.

Justice

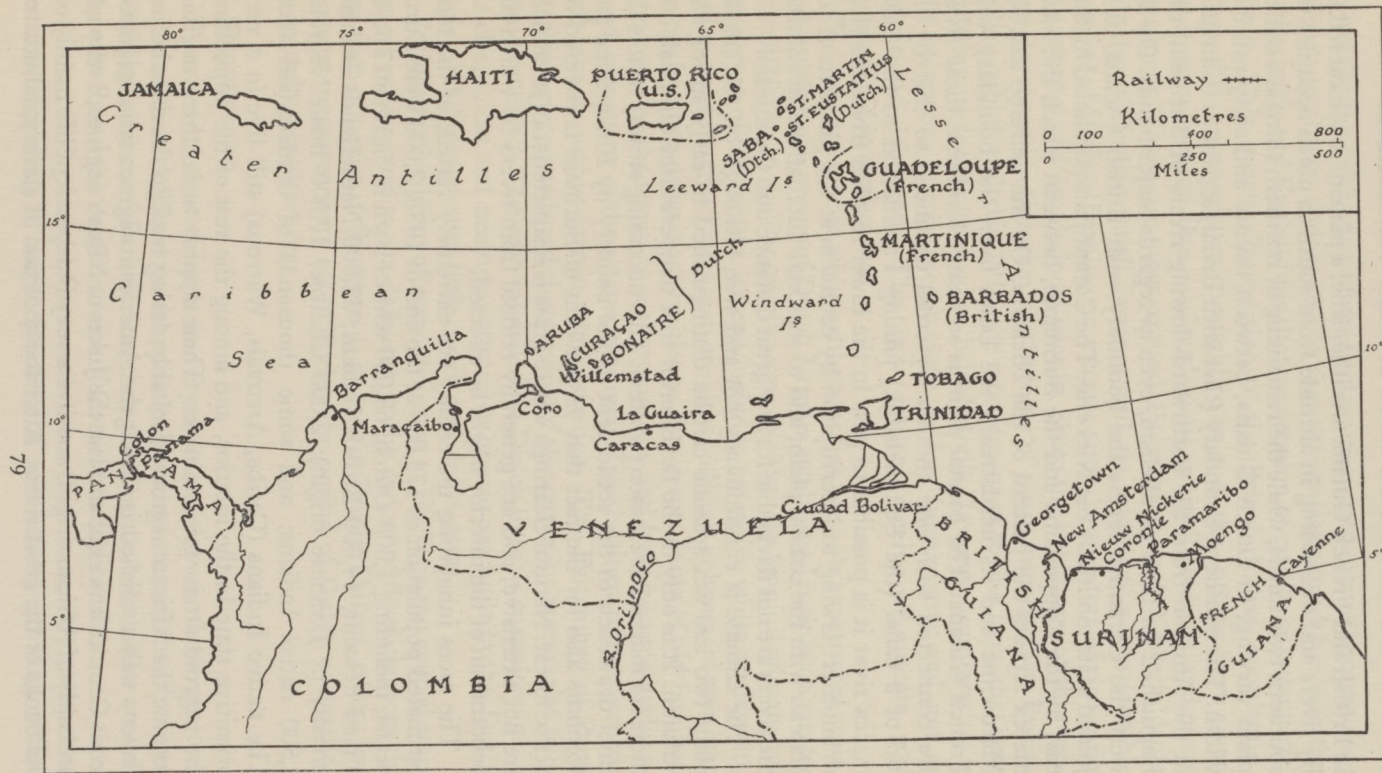
For the purpose of justice there are three cantonal courts and a supreme court of justice at Paramaribo, whose president and members are appointed direct by the Crown. There is a small civic guard, and also a small garrison, which in 1938 consisted of seven officers and 197 non-commissioned officers and men.

*Political
History*

The coast of Surinam was first sighted by Alfonso de Ojeda, one of the former companions of Columbus, in 1499. From 1650 to 1667 and again during the Napoleonic Wars (1799–1815, with a short interruption from 1803 to 1804) it was in British possession. It is perhaps noteworthy that it passed out of British possession in 1667 in exchange for the Dutch colony of New Amsterdam, which was at the time less valued because of its extra-tropical position, but which developed in due course into New York, whereas economic stagnation has ever since characterized Surinam. As a result of the Convention of London of August 1814 and of the Peace of Paris of November 1815, Surinam was permanently restored to the Netherlands. The demarcation of the boundaries with British Guiana, Brazil, and French Guiana was undertaken in the years 1936–38 by joint commissions, but the treaties between the Netherlands and Great Britain and France are not yet concluded.

Topography

The total area of Surinam is about 54,300 square miles. Physically the country is representative of conditions recurrent in Venezuela and



NETHERLANDS WEST INDIES IN RELATION TO SURROUNDING AREAS

in British and French Guiana on either side: a plateau much carved up by rivers and decreasing in altitude from south to north occupies the southern two-thirds, while the remaining or northern third is a coastal plain varying, in Dutch Guiana, between twenty and sixty miles in width. The southern boundary (that with Brazil) separates tributaries of the Amazon from the northward-flowing rivers of Surinam, distinguished for their parallelism, even as regards major bends. On the west the Corantijn forms the boundary with British Guiana. It is joined at its mouth by the Nickerie. The Corantijn is paralleled further east by the Coppename and the Suriname, between which the Saracca repeats the pattern of the Nickerie. On the extreme east the Marowijne and its headstream the Lawa form the boundary with French Guiana. The coastal plain is so nearly level that these rivers are connected with one another by cross channels, so that by the aid of a canal (the Sommelsdijk) joining Paramaribo to the Saracca river it is possible to pass in the lower reaches from one river to another. Owing to interruption by cataracts at the junction of the plateau with the coastal plain, and to seasonal fluctuations in volume, the rivers are not navigable for any great distance into the interior.

*Climate and
Vegetation*

The climate is continuously hot and wet, although on the coastal plain two less wet seasons can be distinguished in early spring and autumn. It is only in the far interior that temperatures diminish and there is a marked dry season (winter). This unceasing steamy heat is the chief drawback to the settlement of the country by Europeans, and accounts also for the fact that 95 per cent of Surinam is covered by dense forest. Natural clearings where grass is characteristic (savannah) are not extensive, and are generally remote from rivers by which the penetration of the interior might be effected.

Population

The races inhabiting the colony are extremely varied; of the total estimated population of 173,000 at the end of 1938, 2,000 were Europeans, including 1,000 Dutch; 68,000 whites born in Surinam and of mixed descent; 44,000 British Indians; 32,000 Netherlands Indians (mostly of Javanese origin); 2,000 Chinese; 17,000 Bush Negroes; 2,500 native Indians; and some thousands of unidentified race. The native Indians (Caribs, Arcuvals, Warrous) still live in a very primitive state in the interior, and among the rest of the population the negroid strain predominates. There appear to be three negroid strains: the African negroes, probably dating back to the days before slavery was abolished in 1863; the American negroes who migrated from Central America; and last the Jukas or "Bush negroes," who are probably of African origin, and live a very independent life mainly on the banks of the great rivers. After the abolition of slavery, labour re-

quired for the cultivation of sugar plantations and estates became very difficult to obtain, and in 1870 a convention was signed between the Netherlands and England for the importation of coolies as indentured labour. This was the foundation of the British Indian population. When this movement was brought to an end, the Indians were given the choice of repatriation or of settlement on small holdings, and many remained. There are now around Paramaribo and Nickerie large colonies of Indian small farmers and, in addition, a considerable number of Indians farming on a larger scale, proprietors of rice-mills and estates, and professional people. Since the beginning of this century Javanese immigration has become of more interest than British Indian, which ended in 1916, the recruitment of coolies from that year on being no longer allowed in British India. Javanese immigration is still going on, but in recent years as free immigrants and not as indentured labourers. The new settlers receive allotments and financial aid in settlement.

The only attempt at white settlement has been on a restricted scale, *White Settlement* and consists of a group of Dutch farmers established mainly on estates or small farms in the Paramaribo area. Neither the tropical climate nor the nature of the terrain are conducive to extensive white settlement, and most of the true Dutchmen are either officials or business men who do not become permanent residents. But descendants of old families, who came to the territory many years ago and have become acclimatized, own many of the estates, do much of the business of the country, and take an active part in administration. The Dutchmen of Paramaribo have reproduced there many of the attractive features of their own homeland. The city, modelled on Dutch lines, is conspicuous for its cleanliness and neatness; attractive houses are built in the Dutch style, and there are even little canals and sluice-gates.

Besides the building of some dykes, as at Nickerie, no special steps are taken in regard to sea-defences, as the danger of flooding from the sea does not exist in Surinam as it does in British Guiana, where important measures were taken during the period of Dutch occupation in regard to sea-defences.

2. PRODUCTION

The area of cleared lands is very small, and even these are only partly cultivated. They consist principally of an area radiating for some 30-35 miles around Paramaribo, though there are two smaller areas in the east round the coastal towns of Coronie and Nickerie.

In the old days in the Paramaribo area there were very prosperous estates consisting of sugar plantations and estates growing coffee,

maize, and other tropical products. After the abolition of slavery the problem of labour presented many difficulties and there was a certain decline in prosperity. Labour conditions are subject to minute regulations.

To meet the difficulties arising from the world sugar crisis in recent years, a regulation was made five or six years ago under which the losses of the exploitation of the large Marienburg factory of the Netherlands Trading Company are compensated by the Netherlands Government. As in other West Indian countries, considerable difficulties have arisen in maintaining employment and the standard of living. To meet the situation in Surinam, public works, mainly road-building, have been executed, and measures have been taken to facilitate the colonization of the interior. Existing (principally Asiatic) settlements have been encouraged, and some new settlements for creoles¹ have been founded.

The cultivation of agricultural products is very largely limited to estates and small farms around Paramaribo and the polders around Nickerie. Areas of native agriculture are only to be found in small and scattered patches along the lower river banks and elsewhere in the interior; these do no more than supply domestic needs. On the estates and small farms rice, maize, sugar, coffee, and cocoa are the main crops, a proportion of the sugar being used for molasses and the production of rum. The small farms produce mainly rice, maize, bananas, and vegetables. The following Table shows the production of main crops and bananas in the years 1937 and 1938.

TABLE XXII

PRODUCTION OF AGRICULTURAL PRODUCTS

	1937	1938
Rice (metric tons) ..	35,354	38,745
Maize (metric tons) ..	2,049	2,151
Sugar (metric tons) ..	15,564	12,856
Molasses (litres) ..	3,783,500	2,923,900
Cocoa (metric tons) ..	110	96
Coffee (metric tons) ..	3,128	1,767
Bananas (bunches) ..	673,800	651,100

In addition to the above commodities, coco-nuts are grown for local consumption, and there is a small production of balata rubber. Rum has long been a well-known product of Surinam, and production in 1938 amounted to 368,500 litres.

The principal agricultural products exported in 1938 were sugar, 10,920 metric tons; coffee, 2,785 metric tons; rice, 7,401 metric tons;

(1) In Surinam all white people born in that country as well as people of mixed origin are called Creoles.

and rum, 157,700 litres. Exports of balata amounted to 277.4 metric tons and a considerable amount of timber was also exported.

The only exploited mineral resources of the country are gold and bauxite, both associated with the denudation of the older rocks of the interior. The gold is recovered from the alluvial sands of the rivers Suriname, Saramacca, and Marowijne and production from this source is nearing exhaustion. It amounted in 1939 to 344,820 grammes and in 1938 to 485,182 grammes. Bauxite is exploited at Moengo, one hundred miles up the Cottica river, and at Paramaribo. The refining of the crude ore, which is of low mineral and high moisture content, is not possible on the spot and it is accordingly shipped out by water still in bulk. In 1939 production amounted to 504,062 tons compared with 377,213 tons in 1938. The latter figure was some 9 per cent of world output. Production is in the hands of a filial of the Aluminium Company of America.

The following Table shows the value of some principal exports in 1937, 1938, and 1939.

TABLE XXIII
PRINCIPAL EXPORTS IN 1937, 1938, AND 1939
Value in Guilders (000's omitted)

	1937	1938	1939
Bauxite	4,904	3,826	5,294
Gold	683	839	607
Sugar	622	546	410
Coffee	529	466	593
Rice (husked)	413	430	379
Balata	190	313	437

*Imports and
Exports*

According to values, exports from Surinam have shown some improvement in recent years, the value of exports in 1939 being considerably higher than in the years preceding 1937. The following Table gives figures by value of total imports and exports in the last four years.

TABLE XXIV
IMPORTS AND EXPORTS
Value in Guilders (000's omitted)

	1936	1937	1938	1939
Imports	5,752	6,867	6,862	7,882
Exports	5,181	7,613	6,609	7,959
Balance—				
Exports +		+746		+ 77
Imports —	—671		—253	

The trade of the Territory is mainly with Holland and the United States. According to values, in 1937 of total imports 37 per cent came from the Netherlands, 23 per cent from the United States, and 9 per cent from the United Kingdom. Of exports, 66 per cent went to the United States, and 22 per cent to the Netherlands. The main exports

to the United States are bauxite, coffee, and round timber, of which the country has considerable reserves; to the Netherlands, gold, sugar, coffee, timber, rum, and husked rice.

Budget

Expenditure in the colony is met by local revenues derived from import, export, and excise duties, and direct and indirect taxation, and also by a State grant. The following Table shows the figures for expenditure, revenue, and State grant in the last four years.

TABLE XXV
EXPENDITURE AND REVENUE
Guilders (000's omitted)

	<i>Expenditure</i>	<i>Local Revenue</i>	<i>State Grant</i>
1937	6,306	3,652	2,654
1938	6,507	3,722	2,785
1939	6,877	4,034	2,843
1940 (estd.)	7,517	4,189	3,328

*Health and
Education*

A liberal policy in health and education has been pursued for many decades. At Paramaribo there is a good medical college, from which every year several students graduate, many of them going to Netherlands India or to Curaçao to practise. At Paramaribo there are two large modern hospitals, one belonging to the Government, the other to the Catholic Mission. There are three infirmaries for lepers in the colony. The incidence of tropical diseases is on the whole less than in most tropical countries. The mortality rate in Surinam is very favourable for the tropics, averaging not more than 12·4 per thousand in the last five years.

Education has been compulsory since 1874. There are many good elementary and secondary schools, partly Government-owned, partly mission-owned; the Government is, however, responsible for the salaries of the teachers and the costs of equipment and maintenance in schools of both types. Expenditure on health and education services amounts to about 30 per cent of the total of the yearly budget of the country.

*Communica-
tions*

Inland communications in Surinam are almost wholly limited to the coastal area. There is only one railway running for some eighty miles south from Paramaribo, built in order to connect the port with the goldfields on the Suriname river. Roads passable for motors radiate through the coastal areas, and are mainly centred on Paramaribo, providing connections with other towns in the area, such as New Amsterdam (British Guiana) and Groningen on the Saramacca river. To get far into the interior of the country is very difficult on account of the dense forests. Knowledge of the interior dates from scientific expeditions carried out in the early years of the present century. The rivers are only navigable for smaller ships and motor-boats in their lower

reaches below the rapids; above and in the rapids only Bush Negro-canoes can be used. Timber is floated down to the coast. Communication between the various coastal districts can be made by small vessels, and, as the savannahs provide possible landing grounds for aeroplanes, connections with the savannah belt can be made by air.

As regards external communications, Paramaribo has a harbour capable of taking ships of nineteen feet draught, and regular steamship services exist in normal times, both with the United States and with Europe. In 1938 the number of vessels entered was 485, the registered tonnage amounting to 489,600. Communications by air have been developed, and air services run between the United States and Paramaribo which is also a regular port of call for the weekly air service of Pan-American Airways between the United States and Buenos Aires. In addition there is a weekly air service via Trinidad to Curaçao maintained by the Royal Dutch Air Lines.

3 CURAÇAO AND OTHER ISLANDS

The Dutch islands, the Territory of Curaçao, which together with Surinam are known as the Netherlands West Indies, consist of six islands divided into two groups many miles apart from one another. By far the most important group is composed of the three islands Curaçao, Aruba, and Bonaire, geographically part of the "Leeward" group of the Lesser Antilles, in the Caribbean Sea. They lie in a chain off the Venezuelan coast, and of the three islands, Aruba lies furthest to the west and closest to the coast at the entrance to the gulf of Maracaibo; Curaçao is the central island, and Bonaire lies furthest east. The other group is situated some 500 miles further north-east, lying among the "Windward" Islands between Puerto Rico and Trinidad, and includes half the island of St Martin (the northern half of which belongs to France), and the islands of St Eustatius and Saba.

Curaçao, the principal island off the Venezuelan coast, has an area of 210 square miles with a population of 62,800; the area of Aruba is sixty-nine square miles with a population of 28,200; and the area of Bonaire ninety-five square miles, with the sparse population of 5,500. The total area of this group is therefore 374 square miles with a total population of 96,500 inhabitants. In the more northerly group of islands the total area of Dutch territory is only twenty-nine square miles with a total population of some 4,500.

The population of Curaçao consists mainly of coloured people of the negroid strain, dating back to the time of slavery, though all are now citizens. There are a considerable number of citizens originating from the Netherlands, many of whom settled in Curaçao many generations

ago; these form the nucleus of the Government service. A large number of Jewish settlers of many nationalities were attracted to the islands in the course of centuries by the religious freedom prevailing in the Territory; they now predominate in the banking and trading communities. There is little trace left of the original Indian population, except on the island of Aruba, where a large proportion of the people are of mixed European and aboriginal descent. This community had become completely assimilated to local conditions and remained practically unchanged until about 1916, when the development of the oil industry and the increase in shipping activities resulted in an influx of coloured people, Jews, and many people from all parts of the world, who arrived in hopes of finding work and profit in the islands.

Administration

All the islands, though situated so far apart, are administered by a Governor residing in the seat of government in Willemstad, in the island of Curaçao. He is assisted by a Council, over which he presides, composed of a vice-president and three members all nominated by the Crown. There is also a "State" council consisting of fifteen members, ten elected by the voters and five nominated by the Governor. The islands, apart from Curaçao itself, each have local administrators, whose appointments are at the discretion of the Governor.

*Topography
and
Resources*

The islands of Curaçao are mainly of rock formation, streams are few, and rainfall somewhat scanty. Even the plains are not very fertile. It is not surprising therefore, that in these somewhat arid islands there are no plantations in the usual sense of the word. Nevertheless, such products as maize, divi-divi beans (used for tanning), sugar, aloes, and tobacco can be cultivated. Mineral resources consist of salt and natural phosphates, the export of the latter being of some importance. In the year 1938 the export of phosphates amounted to 99,000 metric tons.

Industry

The main industry and chief financial asset of the islands Aruba and Curaçao, however, is oil-refining. The great oil refineries in these islands belong to the Royal Dutch Shell and the American Standard Oil groups of companies; they have been developed on account of the lack of facilities in Venezuela for the refining of Venezuelan oil and because of shipping difficulties. Only shallow-water vessels are capable of entering and leaving the Gulf of Maracaibo, owing to the lack of deep water on the bar at the mouth, and the exportation of oil direct overseas is impossible. The oil is therefore sent across to the Dutch islands, so conveniently nearby, where both in Aruba and Curaçao there are deep-water harbours capable of accommodating trans-oceanic vessels. In recent years, in addition to the refining on the islands of Venezuelan oil, a substantial proportion of Colombian oil

has been sent to Aruba, where the American Standard Oil Company has its refinery.¹ In 1938 the refinery took almost half the total Colombian output.

The islands of Aruba and Curaçao have thus developed a highly valuable export trade, and one which is of special importance, for, lying close to one of the world's great ocean highways, the islands provide a convenient station for bunkering with a readily accessible source of oil. By far the most valuable export, therefore, of the Dutch West Indies is refined petroleum, exported mainly in the form of petrol (gasoline) and fuel oil, the latter accounting for some 80 per cent of the total refined oil exported in 1938. The following Table shows the shipments of liquid petroleum products during the years 1936-38:

TABLE XXVI

EXPORTS OF PETROLEUM PRODUCTS¹In thousand barrels²

	1936	1937	1938
Crude oil ..	8,586	5,146	7,576
Gasoline ..	25,978	24,293	31,053
Kerosene ..	3,417	2,228	5,222
Lubricating oils ..	1,317	2,310	2,307
Gas oil ..	7,800	10,537	9,579
Diesel oil ..	8,397	11,484	9,838
Fuel oil ..	74,458	89,200	97,365
Total ..	129,953	145,198	162,940

(1) See *Petroleum Press Service*, September 15, 1939. Petroleum Press Bureau, London.

(2) The exact conversion rate from barrels to tons varies according to the specific gravity of the product, but can be taken very approximately at 7 barrels per ton.

From the above Table it can be seen that total exports in 1938 were 25 per cent higher than in 1936 and 12 per cent greater than in 1937.

Of the countries purchasing finished petroleum products from the Dutch West Indies, the United Kingdom and the United States are the two outstanding. In 1937 the United Kingdom took over 24 per cent, the United States over 18 per cent, the Netherlands some 8 per cent, and Germany 5½ per cent. The year 1938 showed some striking increases compared with 1937 in exports to certain countries. Total exports to the United Kingdom rose by 7.4 per cent, and those to the United States by 3.9 per cent, while shipments to the Netherlands and Germany advanced by as much as 33.4 per cent and 31 per cent respectively. Shipments to Germany of gasoline alone were more than doubled. Argentina also increased her purchases. Nevertheless the

*Destination
of Petroleum
Products*

(1) See *Bulletin of the Colonial Institute of Amsterdam*, February 1939.

United Kingdom and the United States still remained the principal buyers.

Of the crude oil imported to the islands for refining, 141,455,000 barrels in 1937 and 156,464,000 barrels in 1938 came from Venezuela, the corresponding figures for imports from Colombia being 6,027,000 and 9,110,000 barrels. There was also a small import of crude oil from Mexico amounting in both years to over 800,000 barrels.¹ In addition to crude oil the refineries import kerosene and gasoline for blending, mainly from the United States.

Figures for exports and imports of petroleum products in 1939 are not available, but in 1939 the production of both Venezuelan oil and of Colombian oil increased by some 10 per cent as compared with 1938; in the first five months of 1940 the output of Venezuelan oil showed a decline but that of Colombia increased.

Apart from petroleum, the only other export of importance is natural phosphates. Exports in 1938 amounted to 99,000 metric tons, the corresponding figures for 1936 and 1937 being 78,000 and 102,000 metric tons respectively.

Owing to the activities of the oil refineries and the expansion in the production of petroleum products, the total value of general trade had been increasing steadily for several years prior to the outbreak of war; by 1938 both imports and exports were higher in value than in the prosperous year of 1929, preceding the period of general world depression. The following Table shows the value of total general imports and exports of merchandise in the years 1935-38:

TABLE XXVII
IMPORTS AND EXPORTS (General Trade)
Value in million guilders

		1935	1936	1937	1938
Imports	..	164.1	197.0	297.3	390.7
Exports	..	181.1	201.5	269.9	340.8

*Imports and
Exports*

From the above Table it can be seen that, although the value of exports increased during the period, the value of imports increased more rapidly, and that in 1937 and 1938 there was an unfavourable balance of trade compared with a small favourable balance in the years 1935 and 1936.

*Communica-
tions*

Owing to the possession of an excellent deep-water harbour in Willemstad and to facilities for bunkering, the islands are a port of call for various trans-ocean steamship companies, and apart from the oil industry the life of Curaçao is to a large extent centred on shipping, in particular trans-shipment. A great number of international steamship

(1) See *Bulletin of the Colonial Institute of Amsterdam*, February 1939.

lines call at Curaçao and, to a lesser extent, at Aruba, to drop merchandise and passengers for trans-shipment to other ocean lines direct, or by means of local lines. Curaçao has, in fact, become one of the most important junction ports and warehouse centres in the Caribbean. Among the principal steamship companies which, in normal times, use the island as a port of call are the Royal Netherlands Steamship Company, the Hamburg-Amerika Line, the Compagnie Générale Transatlantique, and in addition other lines sailing under many flags. In the year 1938 vessels entering the ports of the colony of Curaçao numbered 15,151, with a total tonnage of 26,300,000 registered tons. Since September 1939, the Royal Dutch Air Lines (K.L.M.) have maintained a weekly service between Curaçao and Surinam via Trinidad. They also maintain frequent services to Aruba, Bonaire, Venezuela (La Guaira, Coro, Ciudad Bolivar), Colombia (Barranquilla), and Barbados, and their services are being extended.

The revenue of the islands is raised by import and export duties, *Revenue* income and land taxes, and other taxes. In 1938 the figures for revenue and expenditure were 10,753,000 guilders and 9,839,000 guilders respectively.

On the island of Curaçao there is normally a very small garrison and *Defence* one warship is stationed in the harbour of St Anna on which the city of Willemstad is situated. In February 1940 the Home Parliament was asked to sanction the expenditure of two million guilders for anti-aircraft defence for Curaçao and Aruba. Since the occupation of the Netherlands, the British Government have assisted the Curaçao Government in the defence of the islands Curaçao and Aruba. If serious danger threatened the islands the agreement reached at the Havana Pan-American Congress might possibly come into play, providing for temporary American trusteeship over any European possession in the American area which might be threatened with change of ownership or loss of autonomy owing to the war.

APPENDIX

BRITISH AND DUTCH INTERESTS IN MALAYA AND THE MALAY ARCHIPELAGO

Agreement on colonial policy between Great Britain and Holland dates from the period of the Napoleonic Wars, but the recognition of common interests is of earlier date. The maintenance of a strong Power in the United Provinces was an essential part of Pitt's foreign policy, and in 1786-7 England and Prussia intervened against France to restore the power of William V of Orange. At that time it was feared that France was seeking domination in the United Provinces in order to secure domination in the East. Moreover, if the Dutch stations at the Cape of Good Hope, Ceylon, and the Dutch East Indies fell into French hands, France could also challenge English power in India, and prevent British expansion in the Pacific. Then as now, it was an essential English interest that the Malay Archipelago should be in friendly hands. An Anglo-Dutch Alliance was formed in April 1788, providing for close military and naval co-operation in defence of English and Dutch colonies in the East. When Holland became part of the French system England seized the Dutch colonies, and, though some of them were restored in the temporary lull after the Peace of Amiens in 1802, they were again seized when Holland became part of the Napoleonic Empire. At the end of the Napoleonic Wars a strong and extended Kingdom of the Netherlands was established in Europe, and by the Convention of London (August 13, 1814) Great Britain restored the Dutch colonies of Java, Amboyna, Banda, and Ternate in the East Indies; Curaçao, St Eustatius and some smaller islands in the West Indies, and agreed to pay compensation in respect of the colonies she retained, the Cape of Good Hope and Demerara.

In the Indian Archipelago the Dutch East India Company had sought to secure a monopoly of trade with the exception that foreign ships were admitted to the port of Batavia. British influence in the straits of Malacca, then as now, important as the route to China, was confined to isolated factories on the Sumatra coast, and it was not until 1786 that an East India Company's agent, Mr Light, secured from the Rajah of Kedah the island of Penang. English advance was made gradually by Sir Stamford Raffles, who gained the confidence of Lord Minto, Governor of Bengal and Governor-General of India, and was put in charge of an expedition in 1811 for the occupation of Java, after the French occupation of Holland. Raffles revolutionized the system of government in the island, and left an enduring mark on administration, and he advanced British interests throughout the Archipelago. After the re-installation of Dutch rule in Java in 1816 rivalry between the two Powers still persisted, and Raffles eventually compelled the authorities in Calcutta to realize the danger of allowing the Dutch to gain control in the Straits of Malacca, and he fixed on Singapore as the station from which the Dutch attempted monopoly of trade could be checked. Singapore was to be the Malta of the East. There was bitter controversy over stations in Sumatra and over the islands of Billiton and Banka off the coast of Sumatra. After difficult negotiations agreement was reached by the Treaty between Great Britain and the Netherlands signed on March 17, 1824.¹ Merchants of both nations had the right to trade in the Malay Archipelago and new settlements by either Power must have the authority of the Home Government. English factories and establishments in Sumatra were withdrawn, the Benkoelen settlers being recommended to the "paternal protection" of Holland, and Great Britain agreed to the Dutch occupation of Billiton. Dutch debts to Great

(1) *British and Foreign State Papers*, 1823-24.

Britain were settled. Holland ceded Malacca and her establishments in India, and withdrew her objections to the occupation of Singapore. Finally, Article 14 provided that in case of the said possessions being abandoned by one of the Parties, the right of occupation should immediately pass to the other.

Unfortunately, there was still much friction between the two Powers, and bitter complaints were made by English merchants of restriction of trade in violation of the Treaty. The British occupation of Labuan in 1844 was equally strongly resented by the Dutch, as an infringement of the Treaty. A certain improvement in relations took place with the opening of Penang as a free port in 1827.

Genuine friendship and community of interest may perhaps be said to date from the beginning of a liberal commercial and political régime in Holland and her overseas territories in the 'sixties of the last century. The opening of the Suez Canal in 1869 had a great influence in the creation of a more liberal commercial régime, by providing quicker contact between Europe and the East, and a more liberal commercial policy prepared the way for a more liberal political régime.

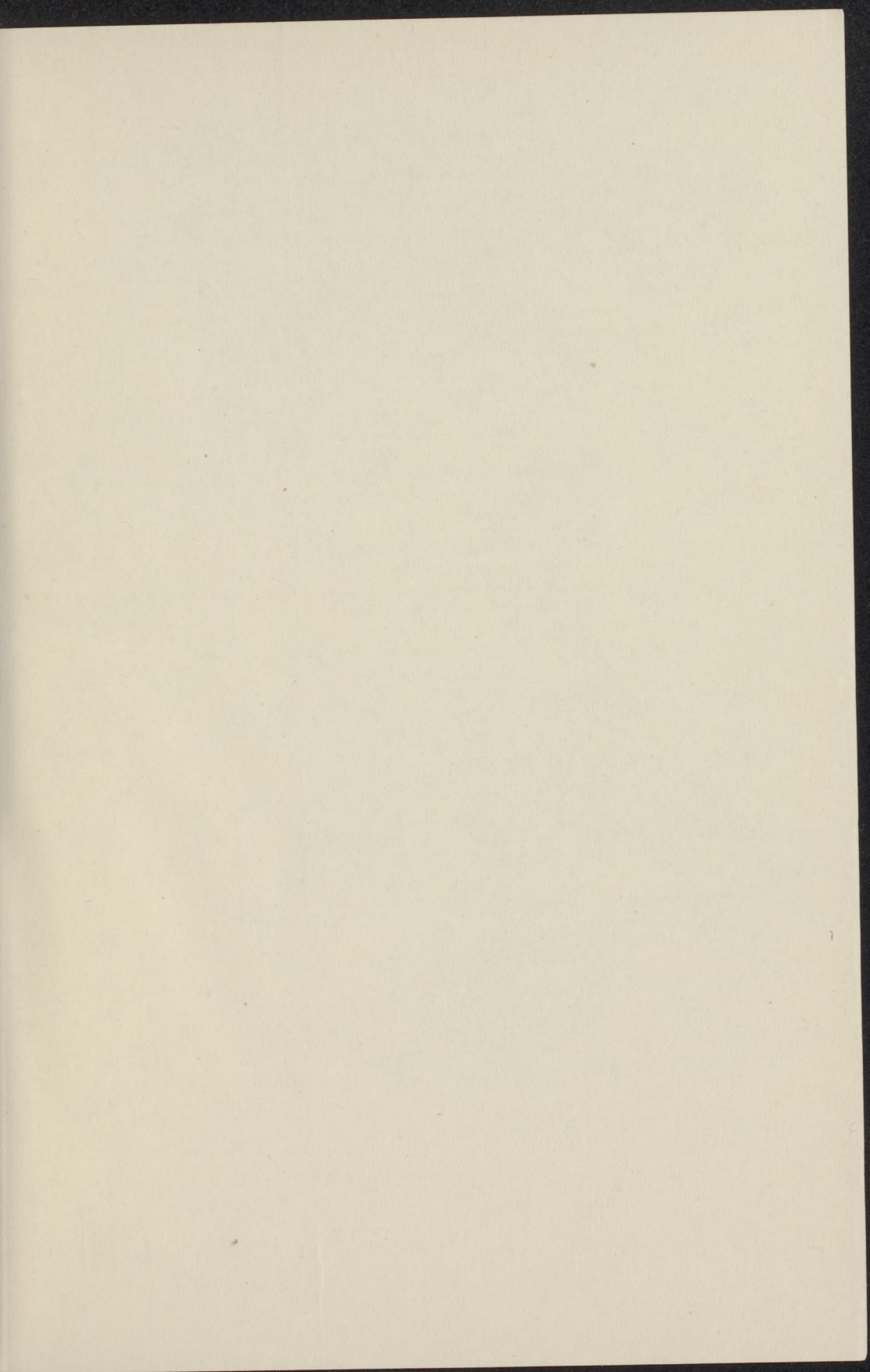
The trend of events in Europe in the last forty years has strengthened the interest of Great Britain in the integrity of the Netherlands, and the changes of the balance of power in the Pacific have made the retention of Netherlands India in friendly hands a paramount consideration of British policy in that area.¹

(1) For a short summary see H. H. Dodwell, "The Straits Settlements" in *The Cambridge History of the British Empire*, Vol. II, pp. 592 *et seq.* (London, Cambridge University Press, 1940).

See also G. J. Renier, *Great Britain and the Establishment of the Kingdom of the Netherlands, 1813-15* (London: Allen and Unwin, 1930).

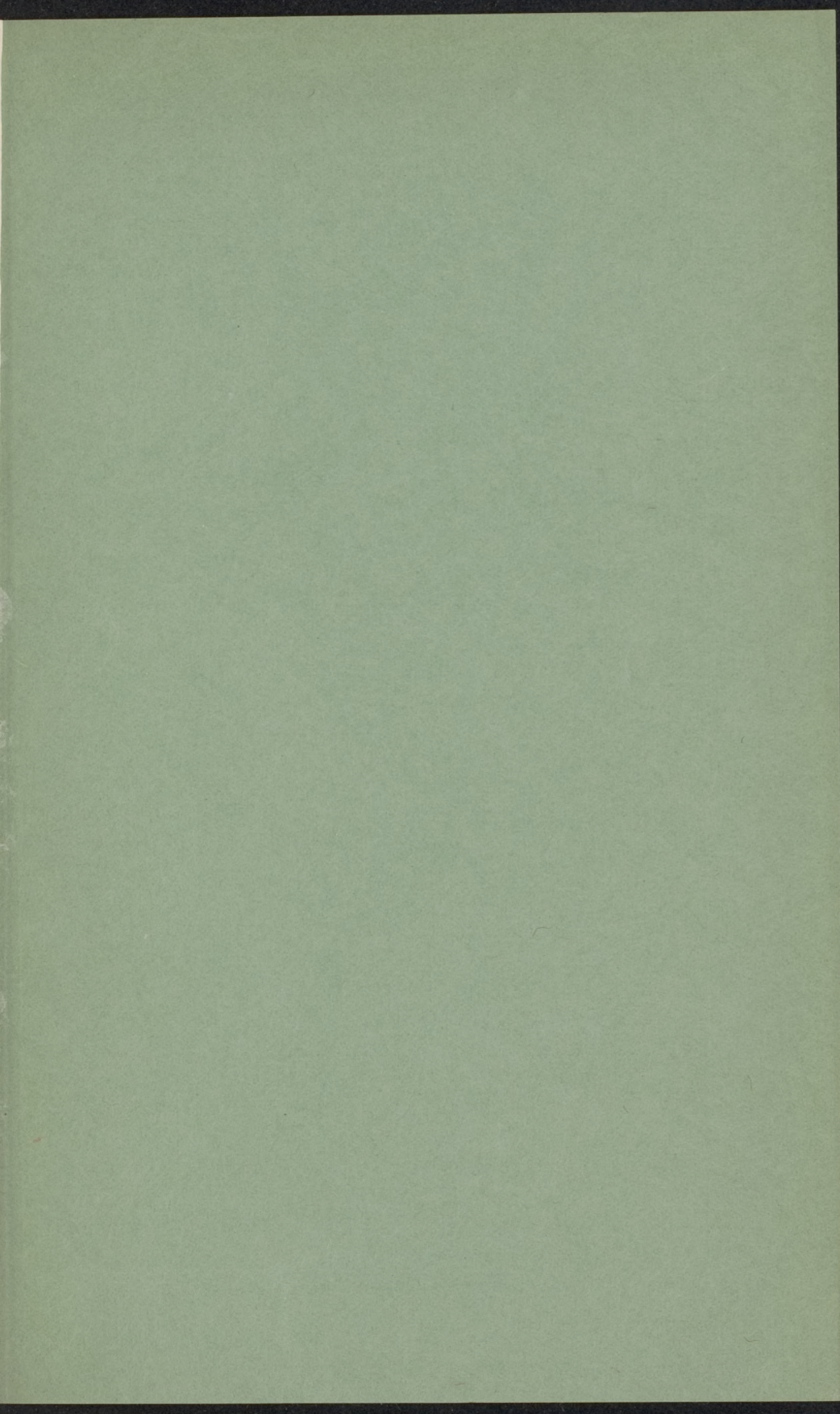
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